

Financial Opinion Survey

July 2024

Bulletin No. 231

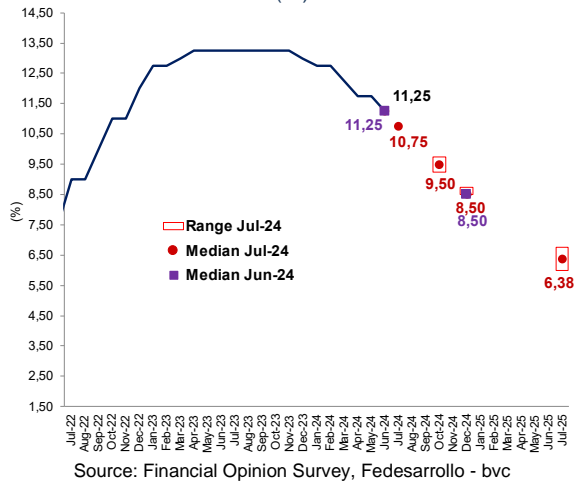


CENTRAL BANK POLICY RATE

In June 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 11.25%. The next meeting at which a decision on the interest rate will be made will be on July 31st, 2024.

In July and October, analysts expect the intervention rate to be at 10.75% and 9.50%, respectively. They also anticipate that the intervention rate will be at 8.50% in December 2024, same as expected in June (Graph 1).

Graph 1. Central Bank interest rate
(%)

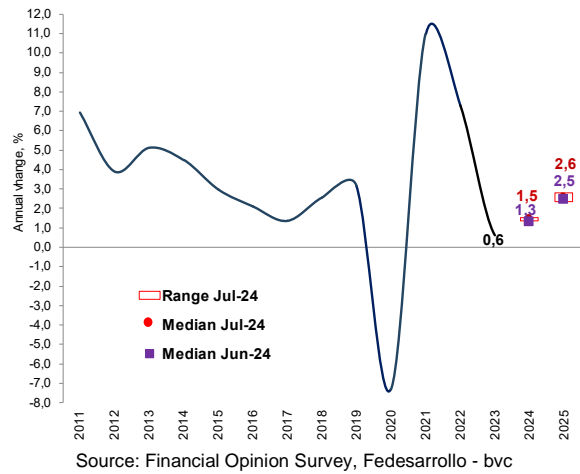


ECONOMIC GROWTH

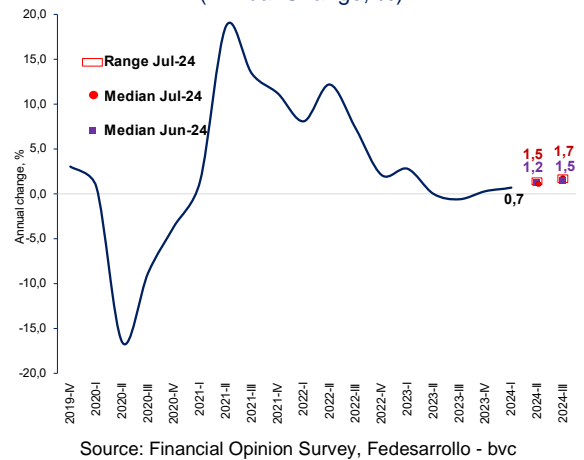
In July, the growth forecast for 2024 was in a range between 1.3% and 1.5%, with 1.5% as the median response (an increase from 1.3% in June) (Graph 2). The median for 2025 was 2.6% (a slight increase from 2.6% in June), placing it in a range between 2.4% and 2.8%.

Expectations for the second quarter of 2024 growth were in a range between 1.0% and 1.8%, with 1.5% as the median response, an increase from 1.2% in June. The growth forecast for the third quarter of 2024 was at 1.7%, an increase from June (1.5%) (Graph 3).

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



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



INFLATION

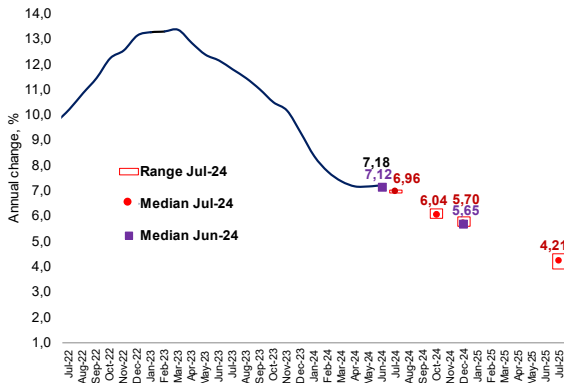
In June, annual inflation stood at 7.18%, slightly over the analysts' forecast (7.12%). In July, analysts expect inflation to be 6.96%, in a range between 6.92% and 7.03% (Graph 4).

Analysts expect inflation to close at 5.70% in December 2024, in a range between 5.60% and 5.97% (an increase from the 5.65% in June), so expectations remain outside the target range of Banco de la República (2-4%).

Financial Opinion Survey July 2024

12-month expectations (as of July 2025) are at 4.21%.

Graph 4. Inflation forecast

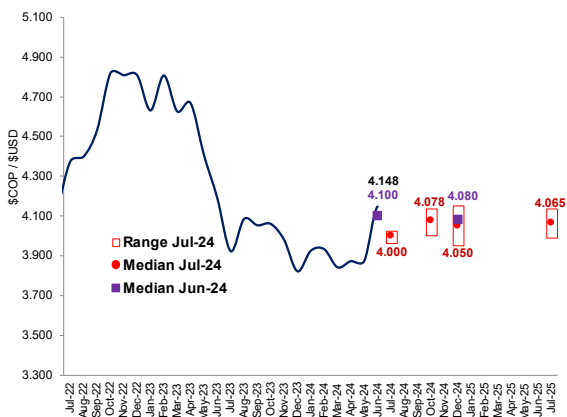


Source: Financial Opinion Survey, Fedesarrollo - bvc

EXCHANGE RATE

In June, the exchange rate closed at \$4,148, with a monthly depreciation of 7.1%, reaching its maximum value for the month on June 21st (\$4,176) and its minimum value on June 16th (\$3,861). Thus, the observed value was \$48 higher than expected in the June survey (\$4,000). In July, analysts consider that the exchange rate will be in a range between \$3,964 and \$4,024, with \$4,000 as the median response (Graph 5). By the end of 2024, they expect a rate of \$4,050, which is a slight increase compared to the previous month's forecast (\$4,080).

Graph 5. Exchange rate - end of period



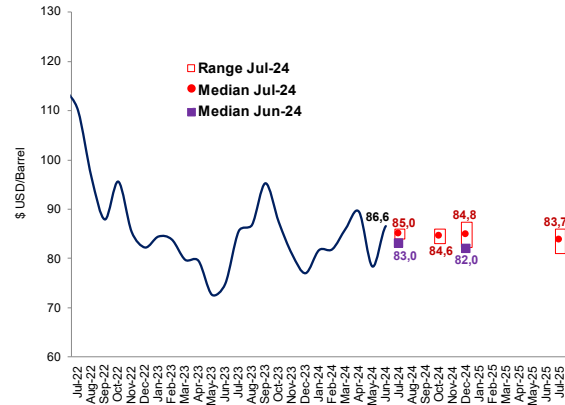
Source: Financial Opinion Survey, Fedesarrollo – bvc

OIL

In June, Brent oil prices closed at \$86.6 dollars, showing a monthly increase of 10.5% and \$3.6 dollars higher than analysts' expectations (\$83). In July, analysts consider that oil prices will be in a range between \$84 and

\$86, with \$85 as the median response (Graph 6). By the end of 2024, they expect a price of \$84.4 (an increase decrease from \$82 in the June edition).

Graph 6. Brent oil prices - End of period



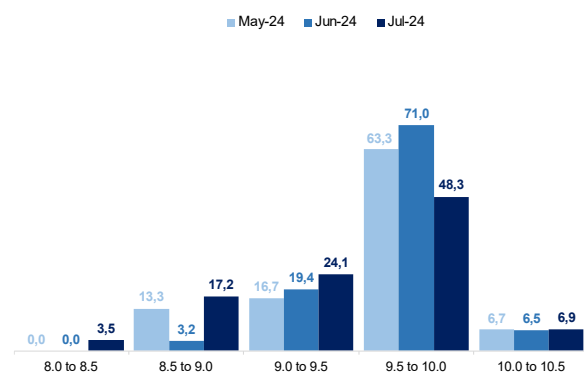
Source: Financial Opinion Survey, Fedesarrollo – bvc

TES 2028 and 2032 RATE

In this edition, 3.5% of analysts believe that the TES rate maturing in 2028 will be between 8.0%-8.5% in three months; 17.2% between 8.5%-9.0%; 24.1% between 9.0%-9.5%; 48.3% between 9.5%-10.0% and 6.9% expect it to be between 10.0%-10.5%. (Graph 7).

For TES maturing in 2032, 10.3% of analysts project its yield to be between 9.0%-9.5%; 20.7% between 9.5%-10.0%; 55.2% between 10.0%-10.5%; 10.3% between 10.5%-11% and 3.5% be between 11.0% and 11.5% (Graph 8).

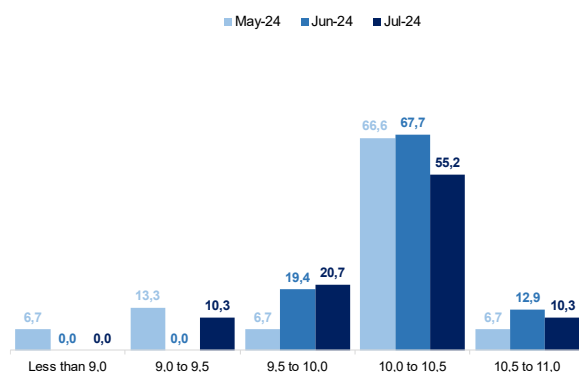
Graph 7. Expectation of TES 2028 performance rate within 3 months (of answers)



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)

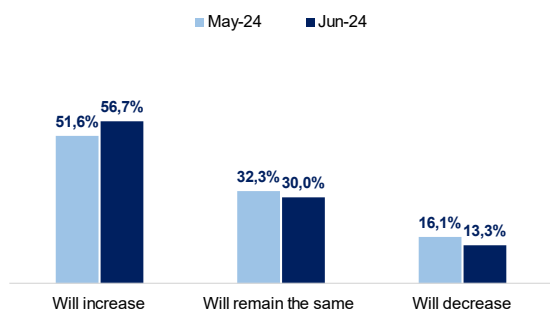


Source: Financial Opinion Survey, Fedesarrollo - bvc

DEBT SPREAD – COLOMBIA EMBIG

The debt spread (EMBIG Colombia)¹ closed in June at 305 basis points (three basis points more than June). **In July, 24.1% of analysts** (32.6 percentage points less than the previous month) **expect the spread to increase in the next 3 months, while 34.5%** (21.2 percentage points more than the previous month) **expect it to decrease. The remaining 41.4% of respondents expect the spread to remain the same** (11.4 percentage points more than the previous month) (Graph 9).

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



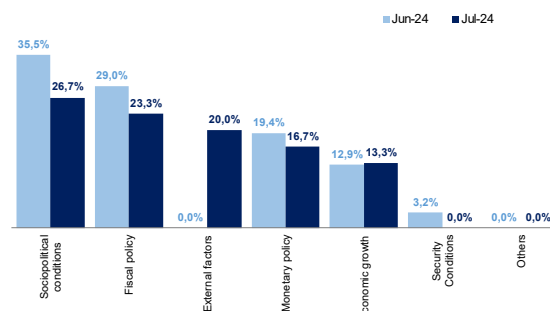
Source: Financial Opinion Survey, Fedesarrollo - bvc

INVESTMENT DETERMINANTS

In this edition, **socio-political conditions were shown as the most relevant aspect when it comes to investing, being chosen by 26.7% of analysts** (vs. 35.5% the previous month). Fiscal policy came in second place with 23.3% of participation (vs. 29% the previous month). External factors, monetary

policy, and economic growth, in order, with 20%, 16.7% and 13.3% of the share, respectively (vs. 0%, 19.4% and 12.9% in the previous month, respectively) (Graph 10).

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

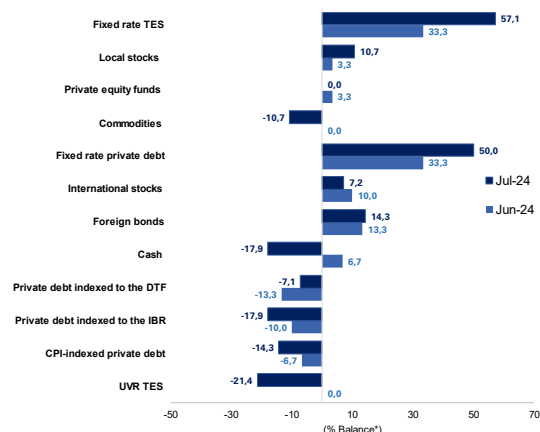


Source: Financial Opinion Survey, Fedesarrollo - bvc

INVESTMENT PREFERENCES

Compared to June, **portfolio managers increased their preferences for DTF indexed and fixed-rate private debt, international bonds, local stocks and fixed-rate TES**. On the other hand, there was a decrease in preferences for private equity funds, commodities, international stock, cash, IBR and CPI indexes private debt and UVR TES (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

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.

MSCI COLCAP

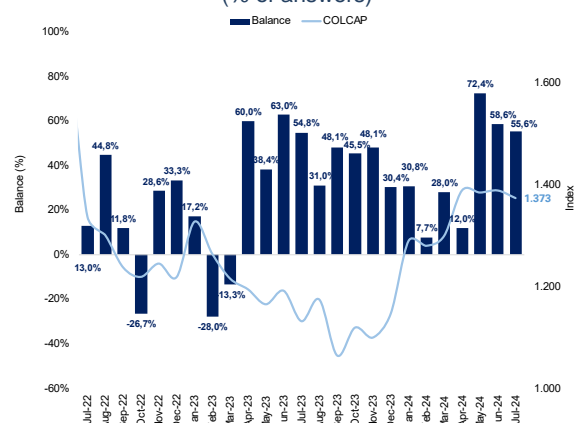
The MSCI COLCAP reflects changes in the prices of the most liquid stocks on the Colombian Stock Exchange (bvc). **In July, 77.8% of analysts** (vs. 79.3% in June) **expect the index to appreciate in three months** (Table 1), while the remaining **22.2% expect the stock index to devalue** (vs. 20.7% in June).

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

Index COLCAP Price Level	June 2024	July 2024
Will increase 10% or more	0,0%	0,0%
Will increase between 5% and 9.99%	6,9%	11,1%
Will increase between 0.01% and 4.99%	72,4%	66,7%
Will remain the same	0,0%	0,0%
Will decrease between 0.01% and 4.99%	10,4%	14,8%
Will decrease between 5% and 9.99%	10,3%	7,4%
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

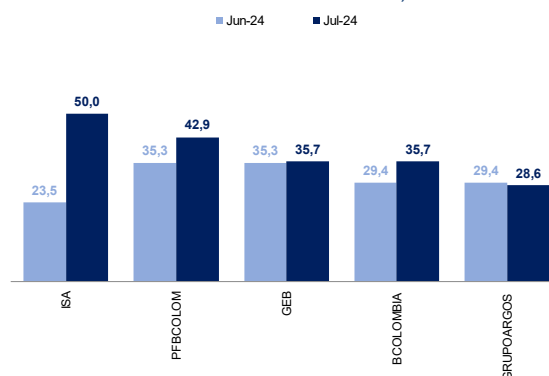
* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation. The calculations use the index corresponding to the day on which the FOS was enabled.

MOST ATTRACTIVE COLCAP SHARES

The FOS consults analysts about the three stocks they consider most attractive within the MSCI COLCAP index. **In July, the stock of ISA ranked first, being selected by 50% of analysts** (Graph 13). It was followed by the preferential shares of Bancolombia, Grupo de Energía de Bogotá (GEB), the common shares of Bancolombia and Grupo Argos, being selected by 42.9%, 35.7%, 35.7% and 28.6% of analysts, each.

Graph 13. Most attractive MSCI COLCAP stocks for investors

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

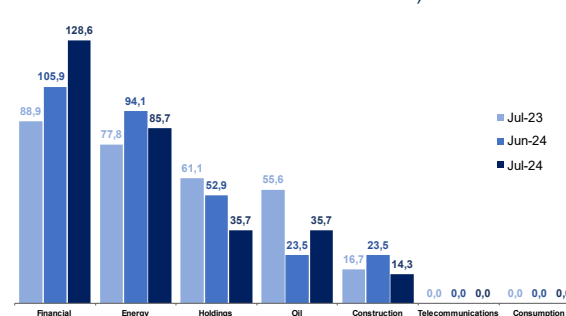


Source: Financial Opinion Survey, Fedesarrollo – bvc

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

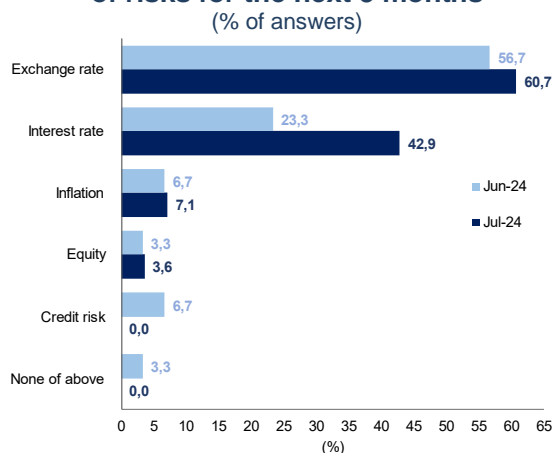


Source: Financial Opinion Survey, Fedesarrollo – bvc

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 July, 60.7% of respondents** (56.7% in June) **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 42.9% while against inflation it stood at 7.1%** (23.3% and 6.7% in June, 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)	
		June-24	June-24	July-24
Inflation (Annual variation, %)	End of month	7.18	7.12	6.96
	End of year 2024		5.65	5.70
Exchange rate (\$)	End of month	4,148	4,100	4,000
	End of year 2024		4,080	4,050
Monetary policy interest rate (%)	End of month	11.25	11.25	10.75
	End of year 2024		8.50	8.50
Oil (Brent, \$USD/Barrel)	End of month	86.6	83.0	85.0
	End of year 2024		82.0	84.8
Growth (%)*	IT-2024		1.2	1.5
	IIT-2024		1.5	1.7
	2024		1.3	1.5
	2025		2.5	2.6

Source: Financial Opinion Survey – bvc
*Original series.

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