

# Financial Opinion Survey

August 2019

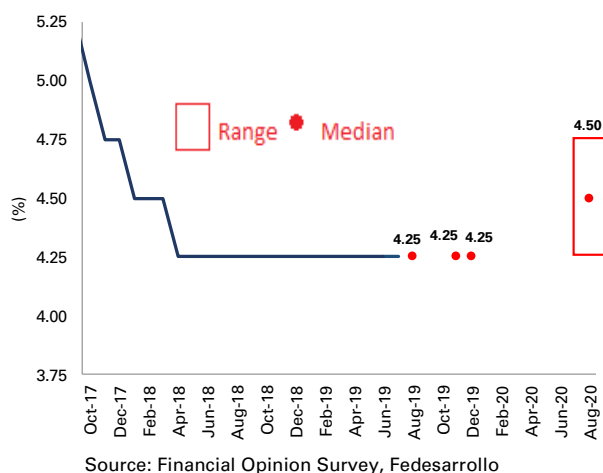
Bulletin No.172

## CENTRAL BANK POLICY RATE

In July, the Board of Directors of the Central Bank decided to keep its monetary policy interest rate unchanged at 4.25%. In August, 100% of the analysts expect the intervention rate to remain unaltered.

By the end of the year, **82.4%** of the analysts foresee the interest rate to remain unchanged (*65.8% in previous FOS*), **14.7%** expect a **25-bps increase** (*13.2% in previous FOS*), and the remaining **2.9%** expect a reduction of 25-bps (*7.9% in previous FOS*).

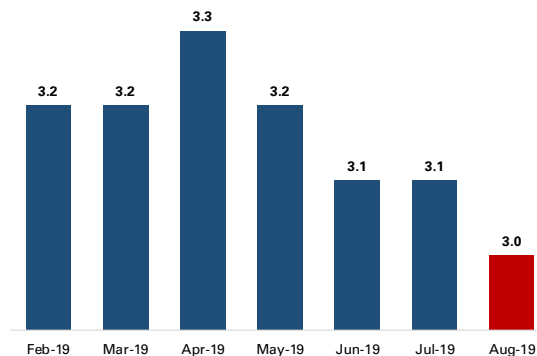
**Graph 1. Central Bank Interest Rate**



## ECONOMIC GROWTH

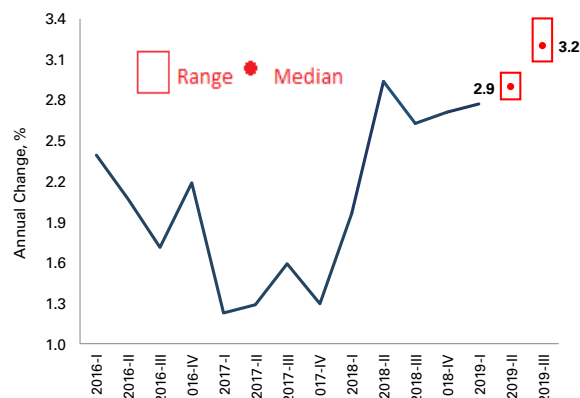
In August, analysts reduce their economic growth forecast for 2019 and 2020 at 3.0% (Graph 2) and 3.25%, respectively. Expectations remained equal to previous FOS related to quarterly growth. The economic growth forecast for the second quarter was maintained at 2.9% (Graph 3).

**Graph 2. 2019 GDP Annual Growth Forecast**  
(Annual Change, %)



Source: Financial Opinion Survey, Fedesarrollo

**Graph 3. GDP Growth Forecast – second and third quarter of 2019**  
(Annual Change)

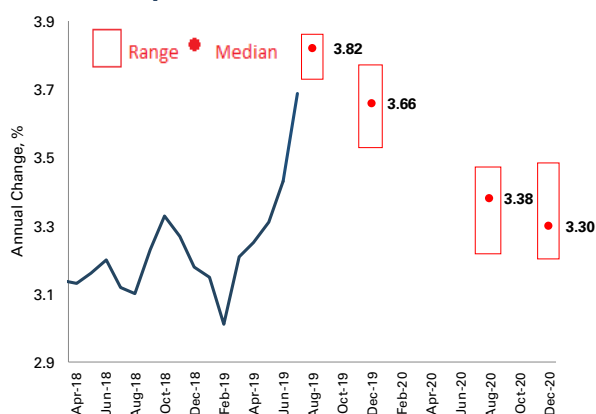


Source: Financial Opinion Survey, Fedesarrollo

## INFLATION

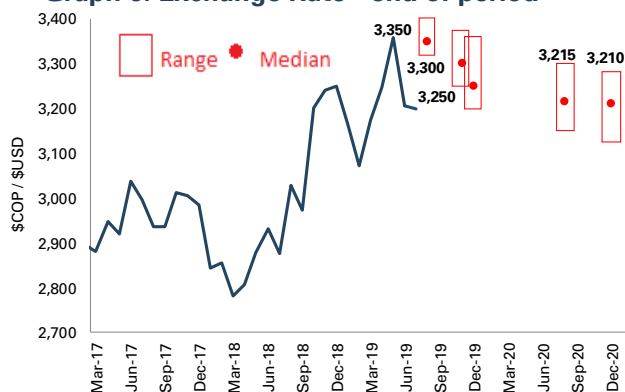
In July, annual inflation reached 3.79%, above the analysts' forecast in the previous edition (3.69%). In August, analysts believe that inflation will increase and place at 3.82% (Graph 4). Inflation expectations for the end of 2019 raised to 3.66% (Graph 5).

Graph 4. Inflation Forecast



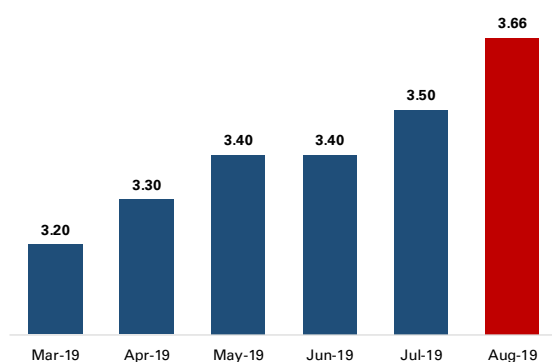
Source: Financial Opinion Survey, Fedesarrollo

Graph 6. Exchange Rate - end of period



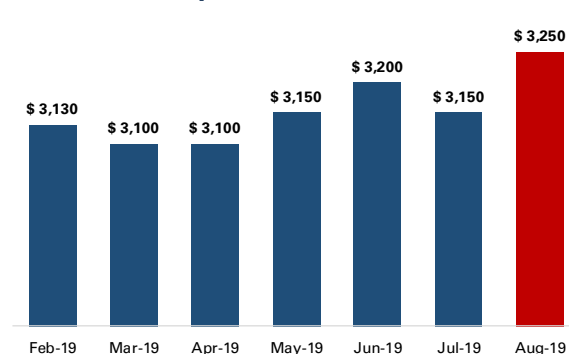
Source: Financial Opinion Survey, Fedesarrollo

Graph 5. Inflation Forecast - End of 2019



Source: Financial Opinion Survey, Fedesarrollo

Graph 7. Exchange Rate Forecast - end of period 2019



Source: Financial Opinion Survey, Fedesarrollo

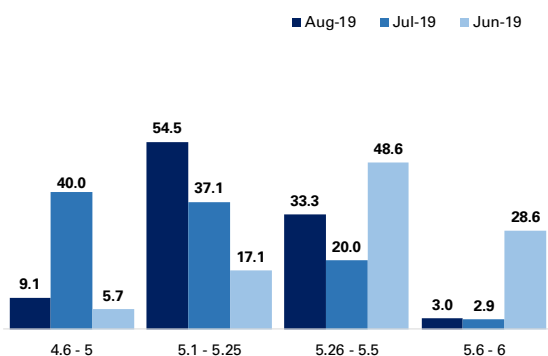
## EXCHANGE RATE

In July, the exchange rate closed at \$ 3,296, with a monthly appreciation of 2.84%. On June 22<sup>th</sup>, it reached a minimum value of \$ 3,169.51 pesos per dollar. **By the end of this month, analysts expect the exchange rate to be between \$3,400 and \$3,317, with \$3,350 as the median response. Exchange rate forecast for the next three months ranges between \$3,373 and \$ 3,250, with \$ 3,300 as the median response (Graph 6). By the end of 2019, the median forecast increased to \$ 3,250 (Graph 7).**

## TES 2024 RATE

In this edition, the percentage of analysts who consider **the rate will be between 4.6% and 5% during the next three months was 9.1%; the 54.5% expect it to ranges between 5.1% and 5.25%; the 33.3% believe it will be between 5.26% and 5.5%; while 3% of analysts expect a rate higher than 5.6% (Graph 8).**

**Graph 8. Expectation of TES 2024 performance rate for the next 3 months.**  
(% of answers)

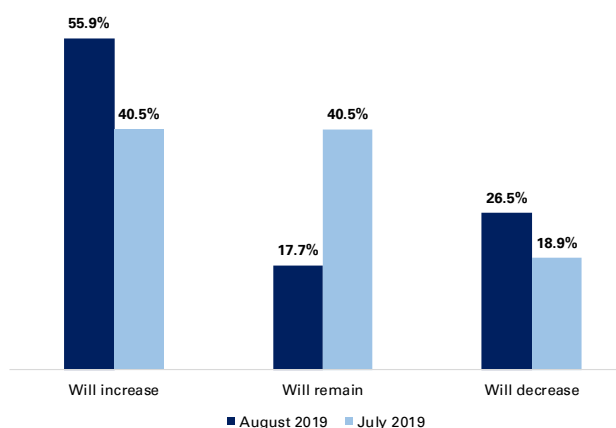


Source: Financial Opinion Survey, Fedesarrollo

### DEBT SPREAD – EMBI + COLOMBIA

The debt spread (EMBI + Colombia) is defined as the difference between the yield of Colombian bonds issued abroad and the yield of American treasury securities. Debt spread closed in 174-bps in June. **In August, 55.9% of analysts (15.3 pps more than previous month), expect the spread to increase in the next three months, while 26.5% (7.6 pps more than previous month) expect it to decrease. The remaining 17.7% of the respondents expect for the spread to remain equal.** (Graph 9).

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

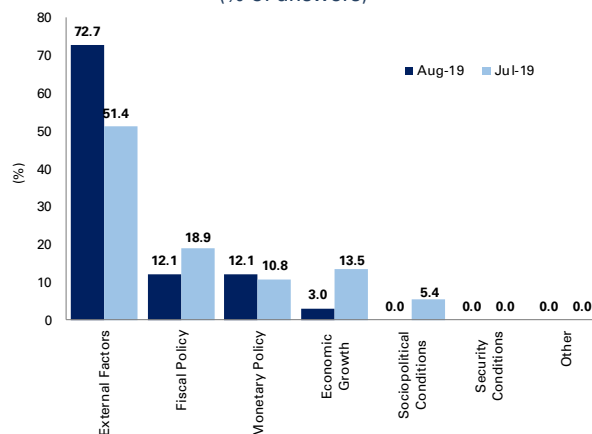


Source: Financial Opinion Survey, Fedesarrollo

### INVESTMENT DETERMINANTS

**External factors ranked this month as the most important aspect for investing decisions, and the proportion of analysts considering it raised to 72.7% (21.4 pps more than the previous month).** Fiscal and monetary policy placed second and third, respectively. The fiscal factor reached 12.1%, meaning a 6.8 pps fall related to the past month, while monetary factor reached 12.1%, meaning a 1.3 pps increase in the same period. Economic growth had an important fall on its perception as an aspect for investing, being 10.5 pps under the result of the previous month (Graph 10).

**Graph 10. Most relevant factors to invest**  
(% of answers)



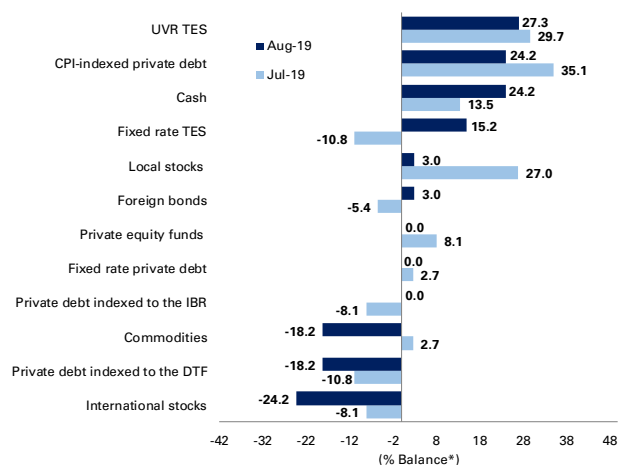
Source: Financial Opinion Survey, Fedesarrollo

### INVESTMENT PREFERENCE

**Portfolio managers increased their preferences for private debt indexed to IBR, foreign bonds, fixed rate TES and cash relative to July.** In contrast, there is evidence of a deterioration in preferences for local stocks, commodities and international stocks (Graph 11).

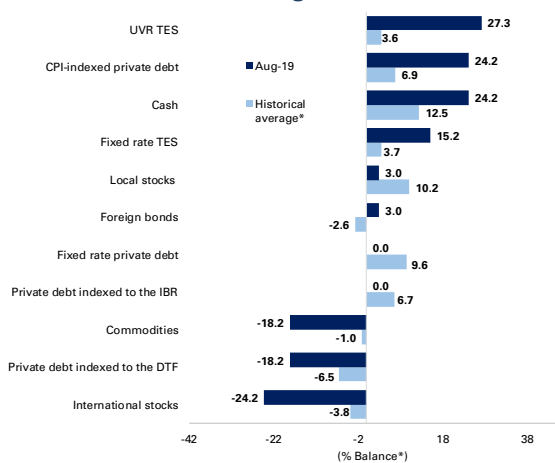
Compared to the survey's historical average, there is a greater preference primarily for UVR TES, private debt indexed to IPC and cash (Graph 12).

**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

**Graph 12. Projection of positions in the next 3 months for different assets vs historical average**



\* The historical average refers to the average of the response balances from June 2014 to date.  
Source: Financial Opinion Survey, Fedesarrollo

## COLCAP

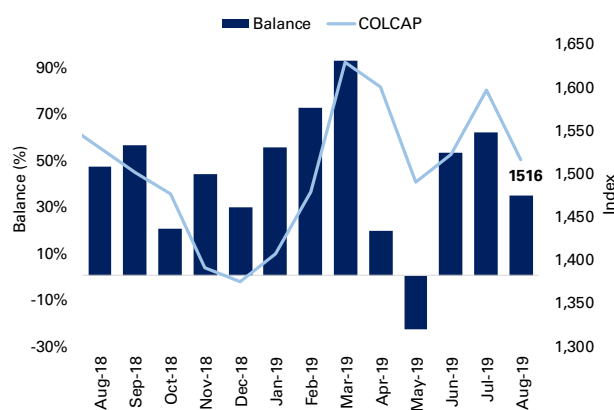
The COLCAP index reflects price changes on the most liquid shares of Colombian Stock Exchange. **In August, 65.6% (79.4% in July) of analysts expect an appreciation of the index during the next three months** (Table 1). On the other hand, **the percentage of analysts expecting the stock index to devalue increased from 17.6% to 31.3%.**

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

Index COLCAP Price Level	July 2019	August 2019
Will increase 10% or more	0.0%	6.3%
Will increase between 5% and 9,99%	17.6%	18.8%
Will increase between 0,01% and 4,99%	61.8%	40.6%
Will remain	2.9%	3.1%
Will decrease between 0,01% and 4,99%	8.8%	18.8%
Will decrease between 5% and 9,99%	8.8%	12.5%
Will decrease between 10% or more	0.0%	0.0%

Source: Financial Opinion Survey, Fedesarrollo

**Graph 13. Balance on the price of the COLCAP index 3 months\***  
(% of answers)



Source: Financial Opinion Survey, Fedesarrollo

\* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation

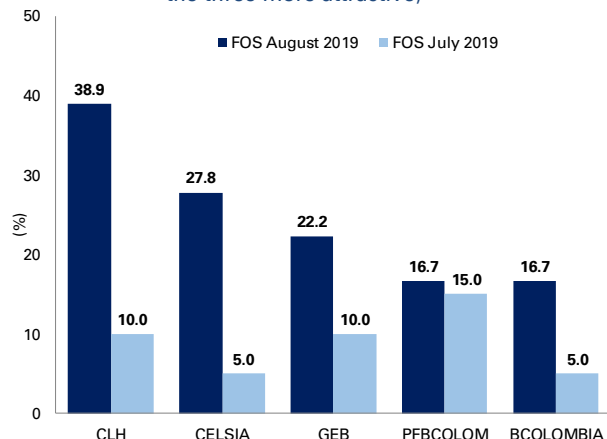
## MOST ATTRACTIVE COLCAP SHARES

The FOS asked to the analysts for the most attractive shares compounding the COLCAP index. In this edition, **Cemex Latam Holding was ranked this month in the first place (38.9%)**. It was followed by **Celsia, Grupo de Energía de Bogotá and Bancolombia's preferred and common stocks**. (Graph 14).

Compared to July, there is a greater appetite among respondents for shares of oil, financial and construction sectors. On the contrary, shares in holdings, energy and consumption sectors are less preferred (Graph 15).

**Graph 14. More attractive COLCAP stocks for investors**

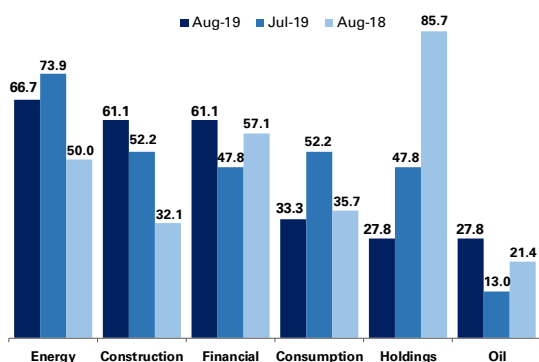
(% of the respondents who consider the stock as one of the three more attractive)



Source: Financial Opinion Survey, Fedesarrollo.

**Graph 15. More attractive COLCAP sectors for investors**

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



**Table 2. Summary of Macroeconomic Expectations\***

Variable	Expectations (Median of the answers)			
	Observed Jul-19	Aug-19	Oct-19	Dec-19
Inflation (Annual variation, %)	3.79	3.82		3.66
Exchange rate	\$ 3,296	\$ 3,350	\$ 3,300	\$ 3,250
Interest rate (%)	4.25	4.25	4.25	4.50
	2Q-2019	2Q-2019	Year 2019	Year 2020
Growth (%)	3.0	2.90	3.00	3.25

Source: Financial Opinion Survey -BVC

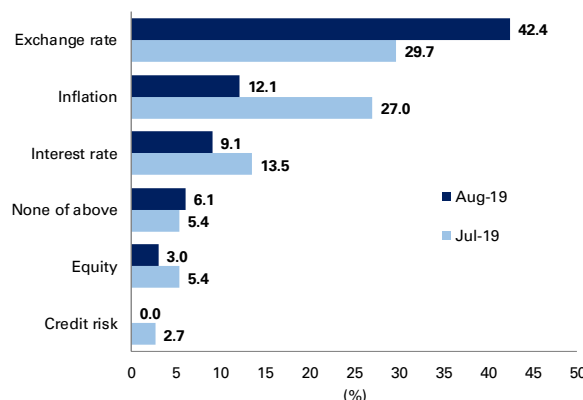
Source: Financial Opinion Survey, Fedesarrollo.

**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 August, 42.4% of respondents were planning to hedge against foreign exchange risk in the short term, which represents an increase of 12.7 pps compared to last month responses.** On the other hand, the percentage of administrators who expect to hedge against inflation placed second with 12.1%, which represents a decrease of 14.9 pps compared to the result of the previous FOS (Graph 16).

**Graph 16. Coverage of the different types of risk for the next 3 months**

(% of answers)



Source: Financial Opinion Survey, Fedesarrollo.

Published August 20<sup>th</sup>, 2019  
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**Contact us if you wish to access historical results and other survey questions**

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