

# Financial Opinion Survey

March 2019

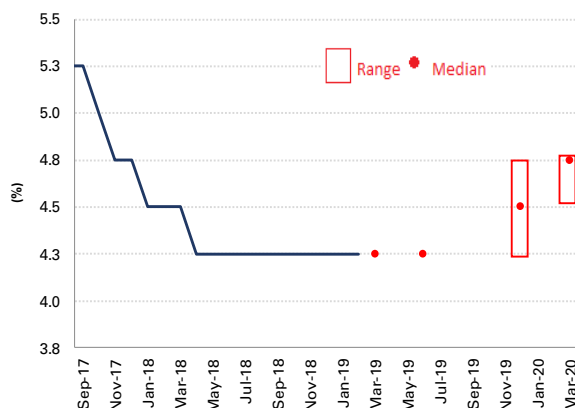
Bulletin No.167

## CENTRAL BANK POLICY RATE

In February, Colombia's Central Bank did not decide on the policy interest rate. This month the Board decided to keep interest rate unchanged at 4.25%, as expected by the 100% of analysts surveyed.

By the end of the year, **42.4% of the analysts expect the interest rate to increase 50-bps (62.9% in previous FOS), 27.3% an increase of 25-bps (14.3% in previous FOS), while 24.3% expect it to remain unchanged (8,6% in previous FOS) and 6.1% expect a decrease of 25-bps (Graph 1).**

**Graph 1. Central Bank Intervention Rate**

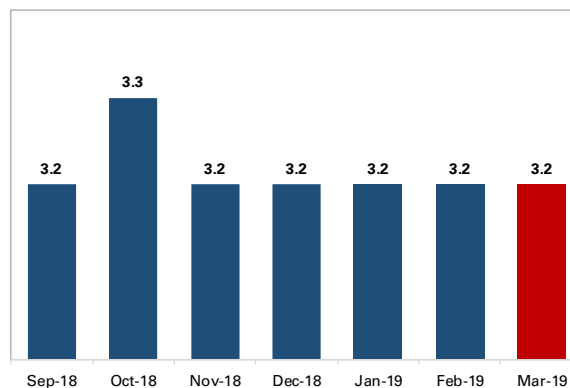


Source: Financial Opinion Survey, Fedesarrollo

## ECONOMIC GROWTH

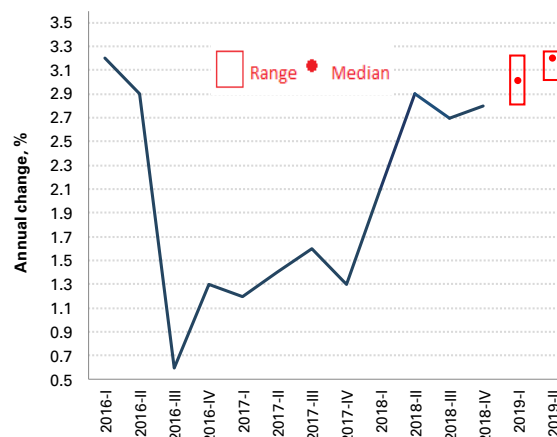
In 2018 economic growth was 2.7%, as it was expected by the analysts in previous FOS. **This month analysts kept their forecast for GDP growth in 2019 at 3.2%** (Graph 2). Growth for the first and second quarter is expected to be 3.0% and 3.2% respectively (Graph 3).

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



Source: Financial Opinion Survey, Fedesarrollo

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

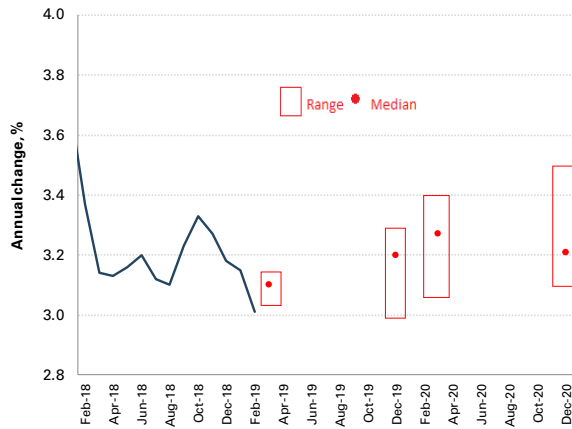


Source: Financial Opinion Survey, Fedesarrollo

## INFLATION

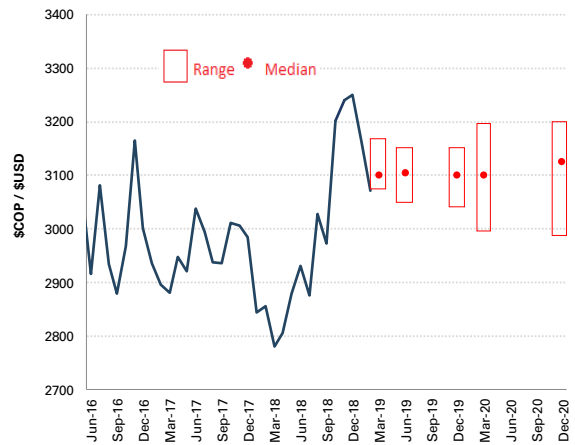
In February, annual inflation reached 3.01%, below the forecast of the previous survey (3.20%). **In March, analysts believe that inflation will rise to 3.10%** (Graph 4). **Inflation expectations for the end of 2019 fell from 3.40% in the previous FOS to 3.20%** (Graph 5).

Graph 4. Inflation Forecast



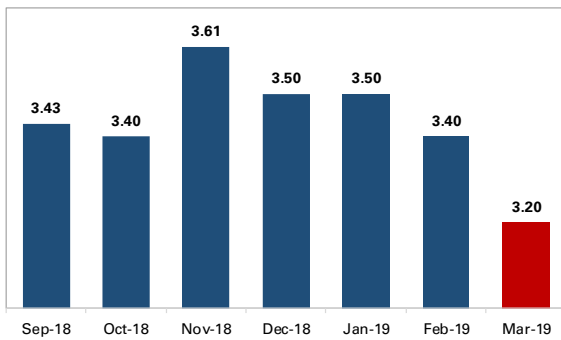
Source: Financial Opinion Survey, Fedesarrollo

Graph 6. Exchange Rate



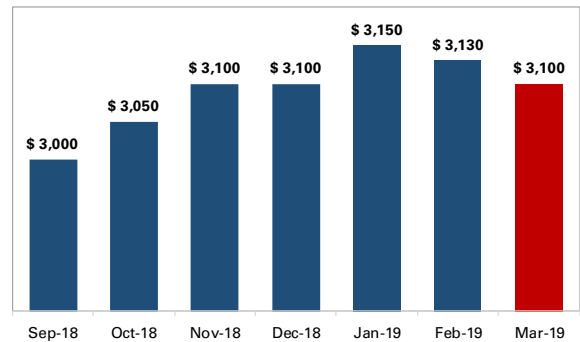
Source: Financial Opinion Survey, Fedesarrollo

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

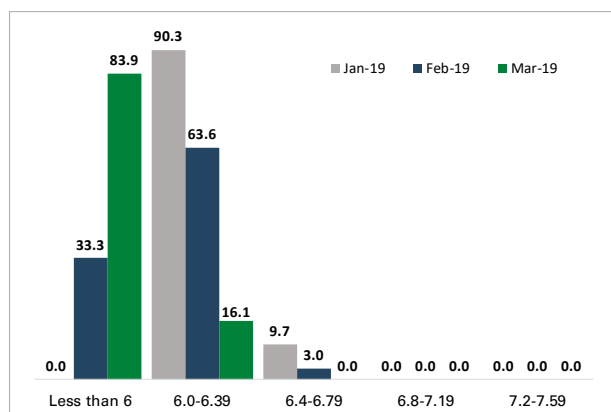
## EXCHANGE RATE

The exchange rate closed in February at \$ 3,072, a monthly appreciation of 2.9%. It reached a maximum value of \$ 3,155 pesos per dollar on February 15<sup>th</sup>. **By the end of March, analysts expect the exchange rate between \$ 3,085 and \$ 3,135, with \$ 3,100 as the median response. Exchange rate forecast for the next three months was between \$ 3,050 and \$ 3,150, with \$ 3,105 as the median response (Graph 6).** By the end of 2019, median forecast decreased from \$ 3,130 in the previous survey to \$ 3,100 this month (Graph 7).

## TES 2024 RATE

During March, there has been a decrease in TES 2024 trading rate. In this edition, **the percent of analysts expecting TES 2024 rate to be below 6% in the next three months rose from 33.3% to 83.9%, while the percent of analyst expecting it between 6.0% and 6.39% decrease 47.5 pps, from 63.6% to 16.1% (Graph 8).**

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

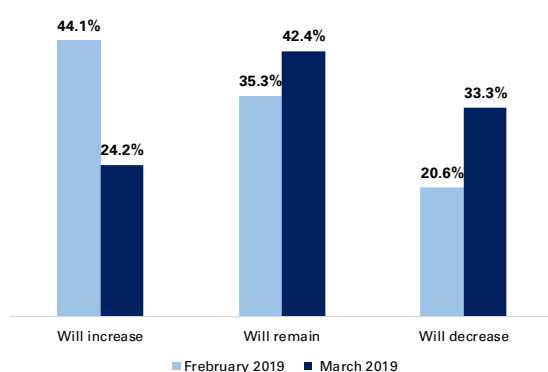


Source: Financial Opinion Survey, Fedesarrollo

### DEBT SPREAD – EMBI+ COLOMBIA

Debt spread (EMBI + Colombia), defined as the difference between the yield of Colombian bonds issued abroad and the yield of American treasury securities, closed in February at 187-bps. **In March 24.2% of analysts (19.9 pps less than previous month), expect an increase in the spread in the next three months, while 33.3% (12.7 pps more than previous month) expect it to decrease. The remaining 42.4% of respondents believe the spread will remain the same (Graph 9).**

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

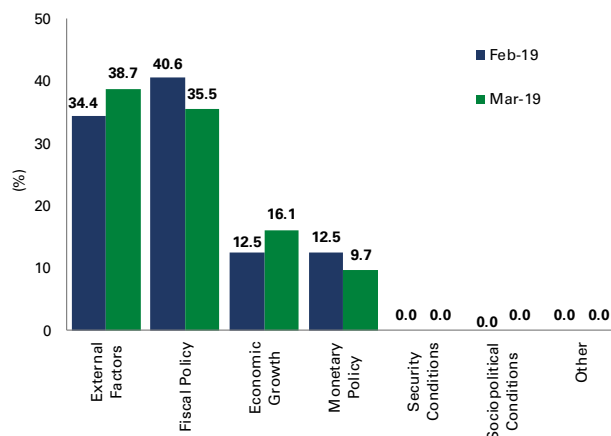


Source: Financial Opinion Survey, Fedesarrollo

### FACTORS AFFECTING INVESTMENT

The share of analysts considering external factors as the most important aspect for investing increased from 34.4% in February to **38.7% this month**. Fiscal policy placed second (35.5%) with a reduction of 5.1 pps compared to the previous month (Graph 10).

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



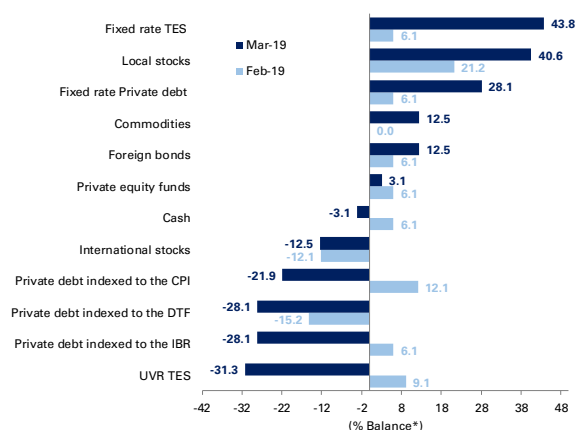
Source: Financial Opinion Survey, Fedesarrollo

### INVESTMENT PREFERENCE

Relative to previous month, **portfolio managers increased their preferences for fixed rate TES, local shares, fixed rate private debt, commodities, and foreign bonds**. In contrast, there is evidence of a deterioration in preferences for UVR TES, private debt indexed to IBR, DTF and CPI, cash and private equity funds (Graph 11).

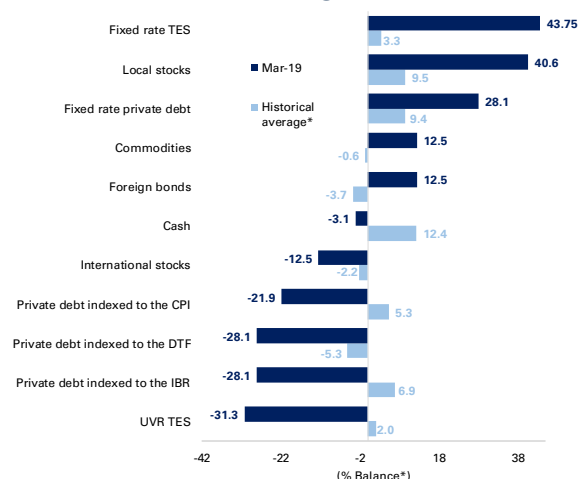
Compared to the survey historical average, there is a greater preference for local fixed rate TES, local shares, fixed rate private debt, commodities and foreign bonds (Graph 12).

**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

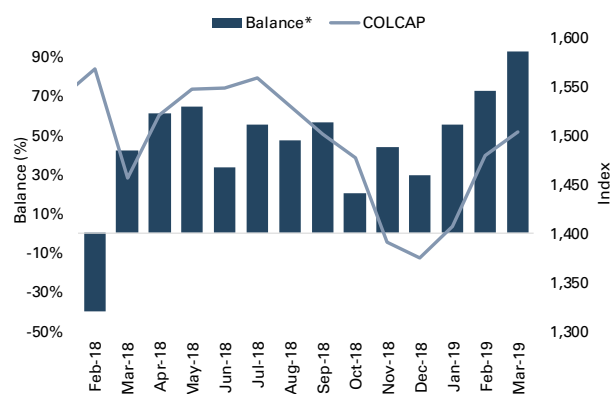
COLCAP reflects price changes in most liquid shares of Colombian Stock Exchange. In March 96.4% of analysts expect a valuation of the index in the next three months (10.2 pps more than previous month) (Table 1). On the other hand, the percentage of analysts expecting the stock index to depreciate in the next three months decreased from 13.8% to 3.6%.

**Table 1. Expectations about the COLCAP Index Price at 3 months\***  
(% of answers)

Nivel de precio del Índice COLCAP	February 2019	March 2019
Will increase 10% or more	0.0%	7.1%
Will increase between 5% and 9,99%	24.1%	57.1%
Will increase between 0,01% and 4,99%	62.1%	32.1%
Will remain	0.0%	0.0%
Will decrease between 0,01% and 4,99%	6.9%	3.6%
Will decrease between 5% and 9,99%	6.9%	0.0%
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

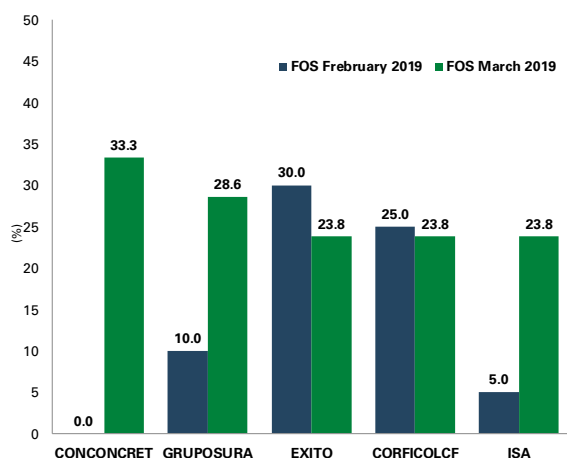
## MOST ATTRACTIVE COLCAP SHARES

The FOS consults analysts about the three shares they consider the most attractive within those that make up the COLCAP index. This month, **Concreto stock was ranked first**, with a preference expressed by 33.3% of those who invest in shares. It was followed by **Grupo Inversiones Suramericana, Éxito, Corficolombiana and ISA** (Graph 14).

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

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

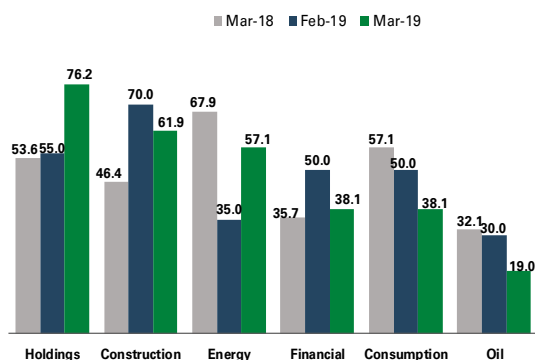
(% of the respondents who consider the stock as one of the three more attractive)



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)



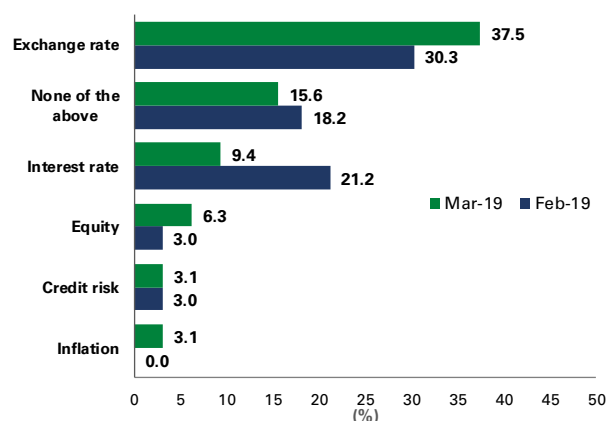
Source: Financial Opinion Survey, Fedesarrollo.

**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 March **37.5% of respondents said they were planning to hedge against foreign exchange risk in the short term, which represents an increase of 7.2 pps compared to last month.** On the other hand, the percentage of administrators who expect to hedge against any type of risk in the survey placed second, with a decrease of 2.6 pps compared to February. There was a reduction of 11.8 pps in the percentage of respondents who are planning coverage against interest rate (Graph 16).

**Graph 16. Coverage of the Different Types of Risk for the Next 3 Months**

(% of answers)



Source: Financial Opinion Survey, Fedesarrollo.

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

Variable	Observed	Expectations (Median of the answers)		
	February	Mar-19	Jun-19	Dec-19
Inflation (% annual)	3.01	3.10		3.20
Exchange rate	\$ 3,072	\$ 3,100	\$ 3,105	\$ 3,100
Interest rate (%)	4.25	4.25	4.25	4.50
	2018	1Q-2019	2Q-2019	Year 2019
Growth (%)	2.7	3.01	3.20	3.20

Source: Financial Opinion Survey -BVC



**Contact us if you wish to access historical results and other survey questions**

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