

# Financial Opinion Survey

February 2019

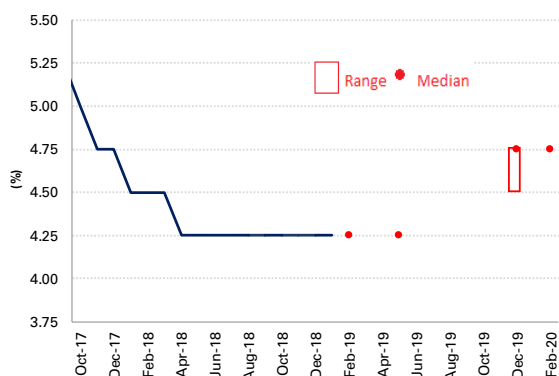
Bulletin No.166

## CENTRAL BANK POLICY RATE

In January, Colombia's Central Bank kept its policy interest rate unchanged at 4.25%, as expected by the 100% of the analysts in the previous survey. This month the Central Bank will not decide on the interest rate.

By the end of the year, **62.9% of the analysts expect the interest rate to rise 50-bps (66.7% in the previous FOS)**, **14.3% foresee an increase of 25-bps (0% in the previous FOS)**, while 8.6% expect it to remain unchanged and 5.7% expect a decrease of 25-bps. The remaining 8.6% expect increases of 75 bps or 100 bps (Graph 1).

**Graph 1. Central Bank Intervention Rate**

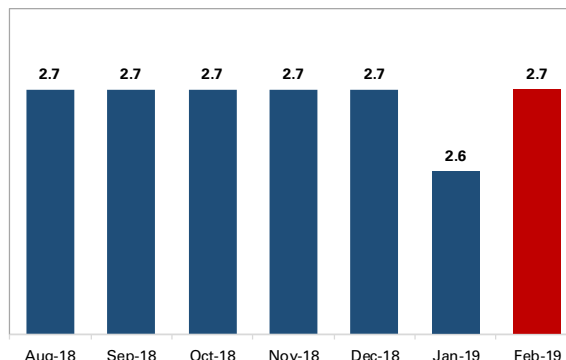


Source: Financial Opinion Survey, Fedesarrollo

## ECONOMIC GROWTH

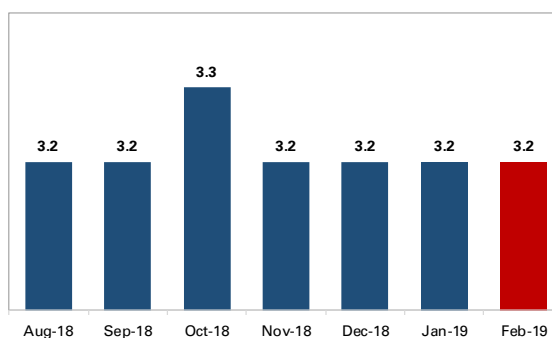
In February, analysts increased their growth forecast for the fourth quarter of 2018 at 2.9% and believe that growth in the first quarter of 2019 will be 3.0%. On the other hand, the forecast of annual GDP growth for 2018 rose from 2.6% to 2.7% (Graph 2), while the forecast for 2019 remained at 3.2% (Graph 3).

**Graph 2. GDP Growth Forecast for 2018**  
(Annual Change)



Source: Financial Opinion Survey, Fedesarrollo

**Graph 3. GDP Growth Forecast for 2019**  
(Annual Change)

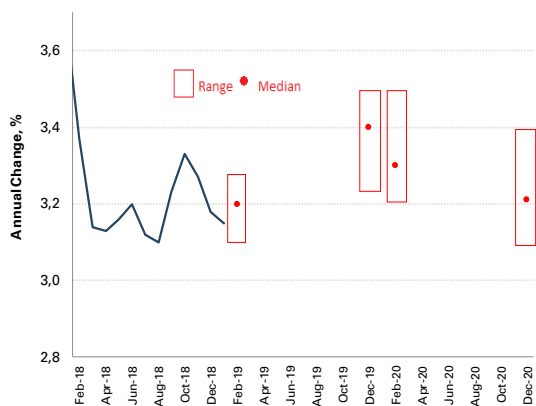


Source: Financial Opinion Survey, Fedesarrollo

## INFLATION

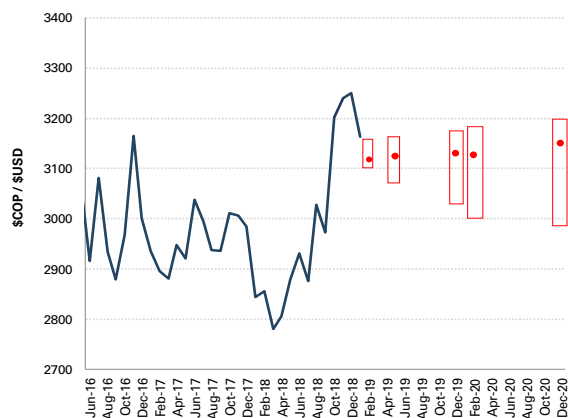
In January, annual inflation reached 3.15%, below the forecast of the previous survey (3.25%). In February, analysts believe that inflation will rise to 3.20% (Graph 4). Inflation expectations for the end of 2019 fell from 3.50% in the previous FOS to 3.40% (Graph 5).

Graph 4. Inflation Forecast



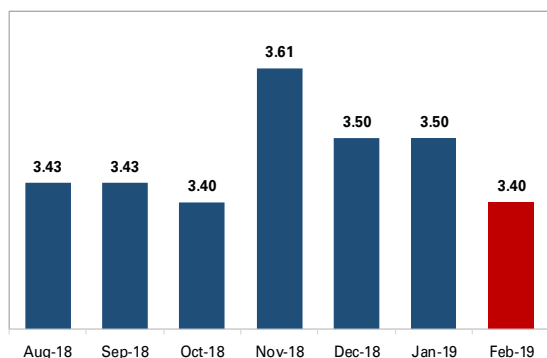
Source: Financial Opinion Survey, Fedesarrollo

Graph 6. Exchange Rate



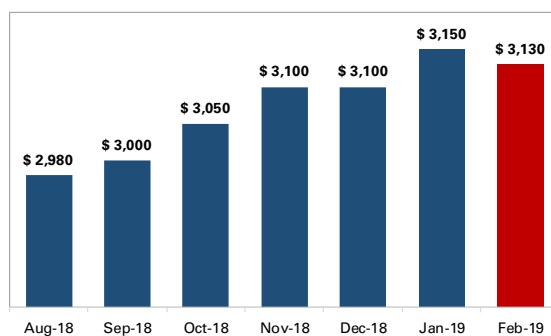
Source: Financial Opinion Survey, Fedesarrollo

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

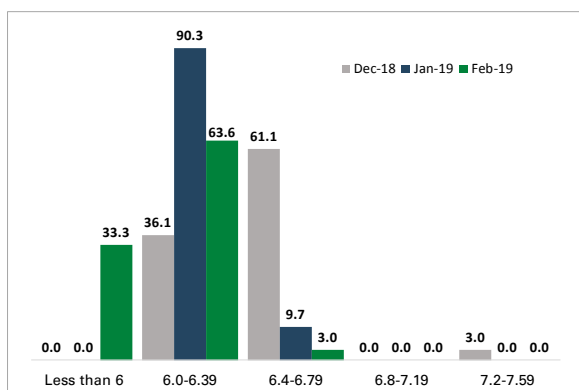
## EXCHANGE RATE

The exchange rate closed in January at \$ 3,163, a monthly appreciation of 2.6%. It reached a maximum value of \$ 3,250 pesos per dollar on January 3<sup>rd</sup>. **By the end of February, analysts expect the exchange rate to be between \$ 3,100 and \$ 3,150, with \$ 3,118 as the median response. The projection of the exchange rate for the next three months was between \$ 3,075 and \$ 3,160 with \$ 3,125 as the median response (Graph 6).** By the end of 2019, the median projection decreased from \$ 3,150 in the previous survey to \$ 3,130 (Graph 7).

## TES 2024 RATE

During February, there has been a decrease in TES 2024 trading rate. In this edition, **the proportion of analysts expecting TES 2024 rate between 6.0% and 6.39% in the next three months decrease 26.7 pps from 90.3% to 63.6%**, while the proportion of analysts expecting it below 6% rose from 0.0% to 33.3% (Graph 8).

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

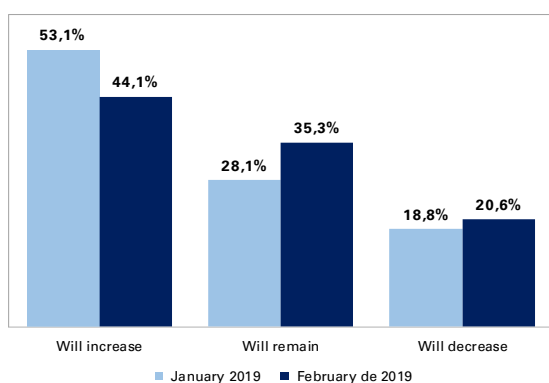


Source: Financial Opinion Survey, Fedesarrollo

## 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 January at 193-bps. **In February 44.1% of analysts, 9 pps less than last month, expect an increase in the spread in the next three months, while 20.6%, 1.8 pps more than previous month, expect it to decrease. The remaining 35.3% of respondents believe the spread will remain the same (Graph 9).**

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

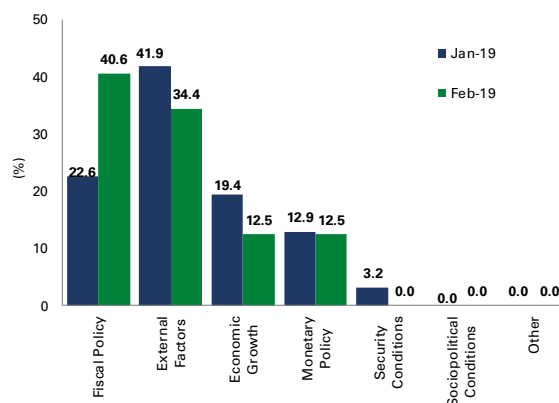


Source: Financial Opinion Survey, Fedesarrollo

## FACTORS AFFECTING INVESTMENT

The share of analysts considering fiscal policy as the most important aspect for investing increased from 22.6% in January to 40.6% this month. External factors placed second with 34.4%, showing a reduction of 7.6 pps compared to the previous month (Graph 10).

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



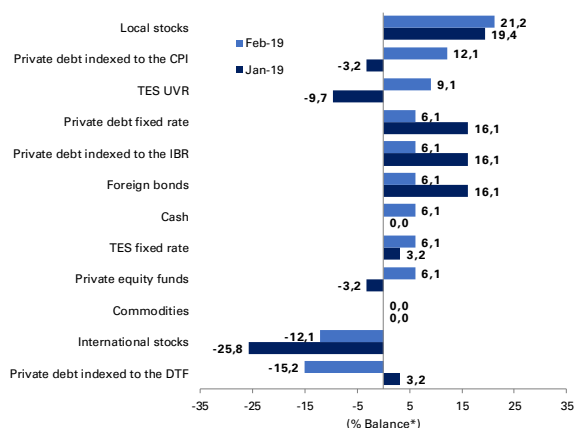
Source: Financial Opinion Survey, Fedesarrollo

## INVESTMENT PREFERENCE

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

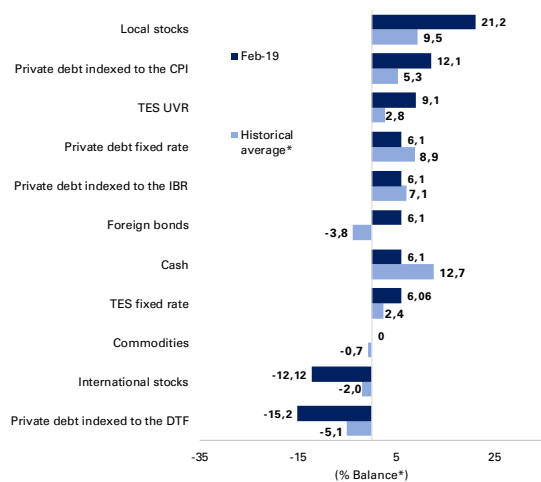
Compared to the survey historical average, there is a greater preference for local shares, foreign bonds, debt indexed to CPI and UVR TES and fixed rate (Graph 12).

**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

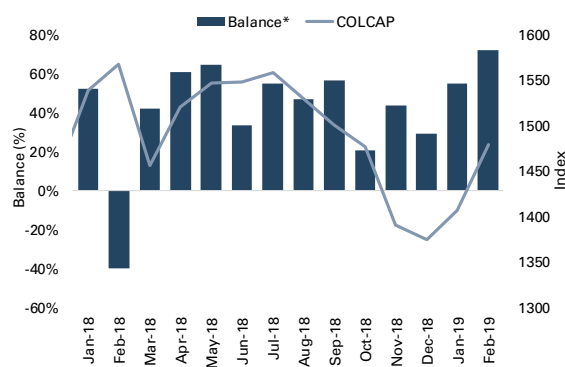
COLCAP reflects price changes in most liquid shares of Colombian Stock Exchange. In February 86.2% of analysts expect a valuation of the index in the next three months (Table 1). This proportion increased by 10.3 pps compared to the results of last month. On the other hand, the proportion of analysts expecting the stock index to depreciate in the next three months decreased from 20.7% to 13.8%.

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

Index	January de 2019	February de 2019
Will increase 10% or more	13.8%	0.0%
Will increase between 5% and 9,99%	13.8%	24.1%
Will increase between 0,01% and 4,99%	48.3%	62.1%
Will remain	3.4%	0.0%
Will decrease between 0,01% and 4,99%	13.8%	6.9%
Will decrease between 5% and 9,99%	6.9%	6.9%
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

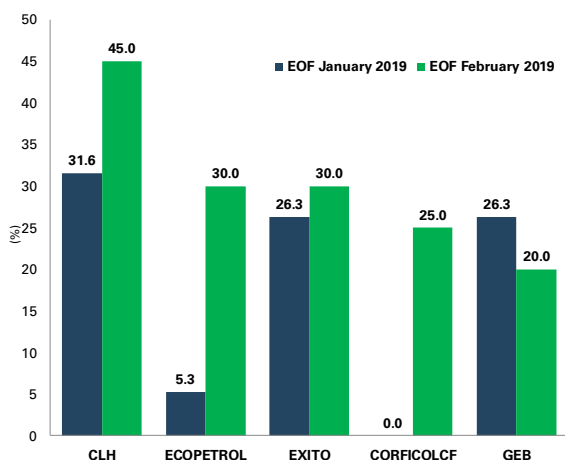
## MOST ATTRACTIVE COLCAP SHARES

The FOS consults analysts about the three shares they consider the most attractive within those that make up the COLCAP index. This month, **Cemex stock was ranked first**, with a preference expressed by 45.0% of those who invest in shares. It was followed by **Ecopetrol, Éxito, Corficolombiana and Grupo Energía de Bogotá** (Graph 14).

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

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

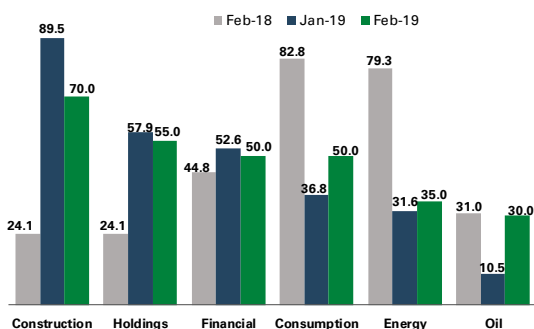
(% of the respondents who consider the stock as one of the three more attractive)



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)

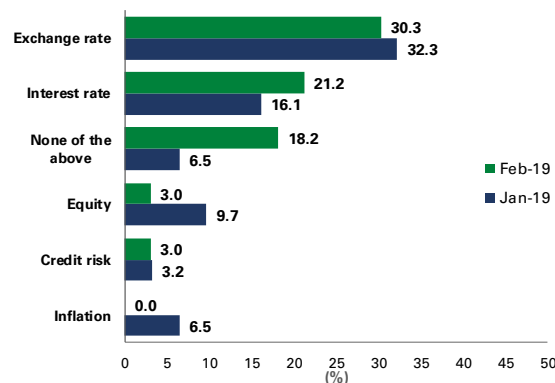


Source: Financial Opinion Survey, Fedesarrollo.

**RISK COVERAGE**

The FOS asks portfolio managers about the types of risk for which they plan to establish coverage in the next three months. In February **30.3% of respondents said they were planning a hedge against foreign exchange risk in the short term, which represents a reduction of 2.0 pps compared to last month.** On the other hand, the percentage of administrators expected to hedge against the interest rate risk continues in second place, rising 5.1 pps compared to the previous month. In addition, there is evidence of reduction of 6.5 pps in the percentage of respondents who are planning coverage against inflation (Graph 16).

**Graph 16. Coverage of the Different Types of Risk for the Next 3 Months**  
(% of answers)



Fuente: Encuesta de Opinión Financiera, Fedesarrollo

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

Variable	Observed	Expectations (Median of the answers)		
	January	Feb-19	May-19	Dec-19
Inflation (% annual)	3.15	3.20		3.40
Exchange rate	\$ 3,163	\$ 3,118	\$ 3,125	\$ 3,130
Interest rate (%)	4.25	4.25	4.25	4.75
	3Q-2018	4Q-2018	Year 2018	Year 2019
Growth (%)	2.7	2.9	2.7	3.2

Source: Financial Opinion Survey -BVC



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

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