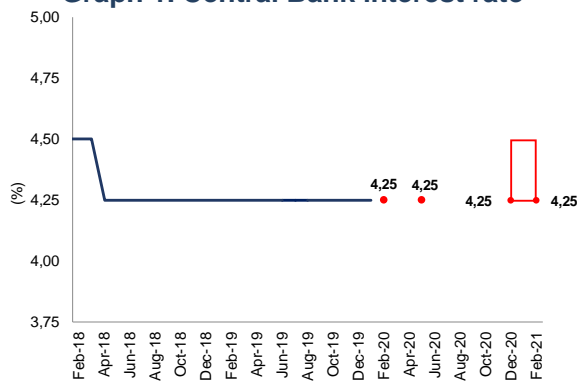


CENTRAL BANK POLICY RATE

In January, the Board of Directors of the Central Bank decided to keep its monetary policy interest rate unchanged at 4,25%.

By the end of the month, 98.4% of the analysts foresee the interest rate to remain unchanged, while the remaining 1.6% expect a 25-bps decrease. By the end of the year, 57,4% of the analysts expect the interest rate to remain unchanged, 27,9% expect an increase of 25-bps, 4,9% expect it to increase 50-bps, 8,2% expect a decrease of 25-bps and the remaining 1,6% expect a decrease of 50 bps (Graph 1).

Graph 1. Central Bank interest rate

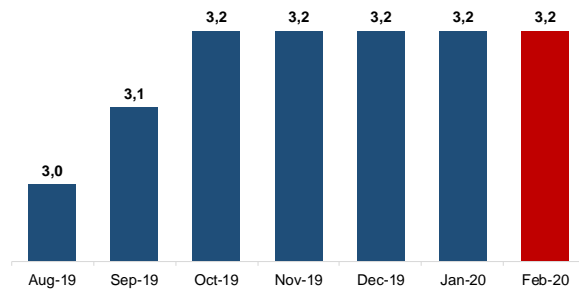


Source: Financial Opinion Survey, Fedesarrollo - bvc

ECONOMIC GROWTH

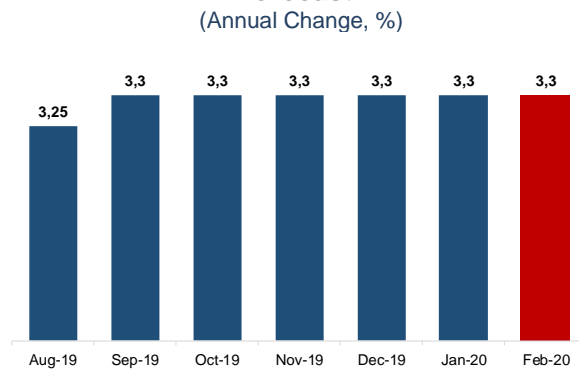
In February, analysts maintained their economic growth forecast for 2019 at 3,2% (Graph 2), and at 3,3% for 2020 (Graph 2.1). Expectations about fourth quarter of 2019 growth and first quarter of 2020 growth remained unchanged at 3,3% (Graph 3).

Graph 2. 2019 GDP annual growth forecast
(Annual Change, %)



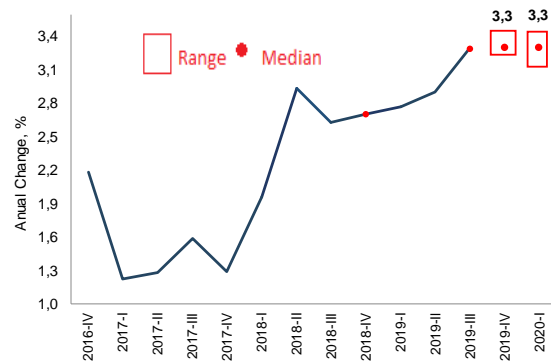
Source: Financial Opinion Survey, Fedesarrollo - bvc

Graph 2.1 2020 GDP annual growth forecast
(Annual Change, %)



Source: Financial Opinion Survey, Fedesarrollo - bvc

Graph 3. GDP growth forecast – fourth quarter of 2019 and first quarter of 2020
(Annual Change)

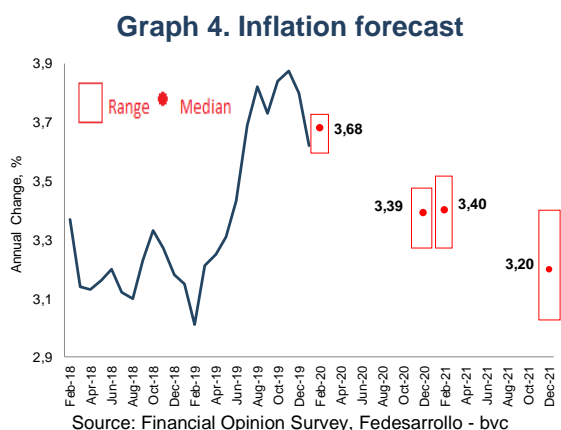


Source: Financial Opinion Survey, Fedesarrollo - bvc

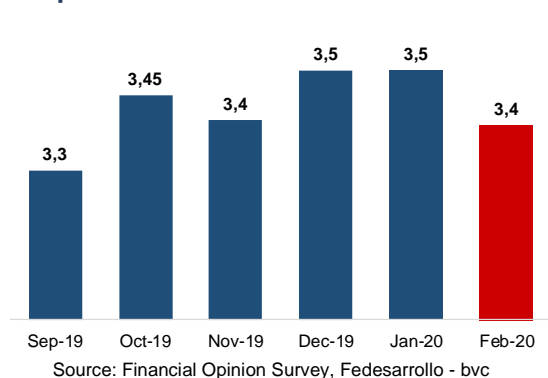
INFLATION

In January, annual inflation reached 3,62%, lower than the analysts' forecast in the previous edition (3,80%). In February, analysts believe that inflation will increase to 3,68% (Graph 4).

Inflation expectations for the end of 2020 decreased from 3,50% in the previous edition to 3,39%. (Graph 5).



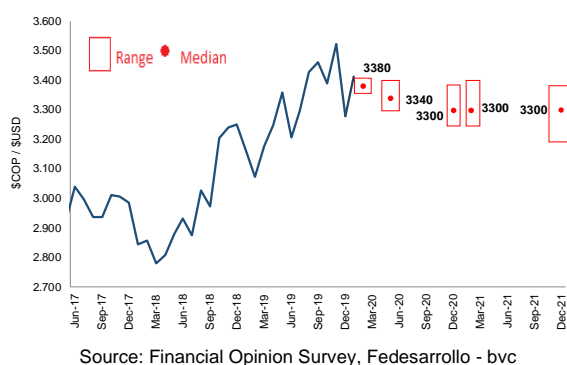
Graph 5. Inflation forecast - end of 2020



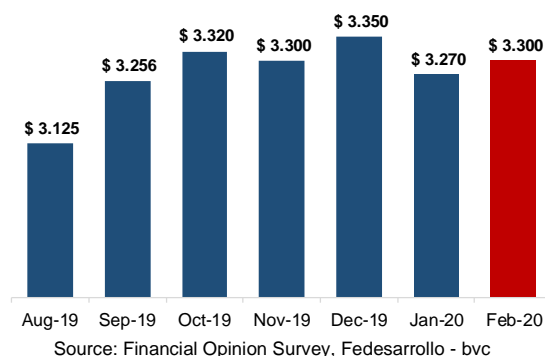
EXCHANGE RATE

In January, the exchange rate closed at \$3.411,45, with a monthly depreciation of 4,10%. On January 31st, it reached a maximum value of \$3.411,45 pesos per dollar and on January 10th it reached a minimum value of \$3.253,89 pesos per dollar. **Exchange rate forecast for next three months ranges between \$3.300 and \$3.400, with \$3.340 as median response (Graph 6). Exchange rate forecast for the end of 2020 increased compared to past month result, with \$ 3.300 as the median response (\$3.270 in previous FOS), ranging between \$3.250 and \$3.370 (Graph 7).**

Graph 6. Exchange rate - end of period



Graph 7. Exchange rate forecast - end of period 2020

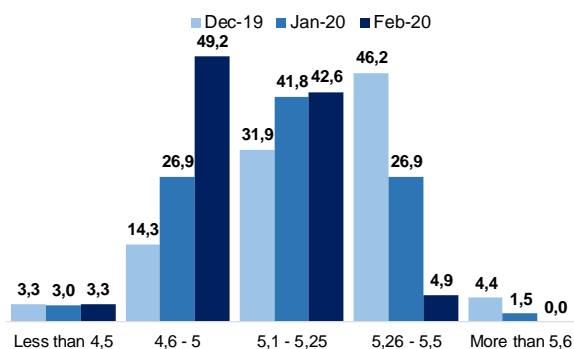


TES 2024 RATE

In January, the traded volume increased to COP 50,2 trillion, which entails an increase of 111,2% compared to December and a decrease of 11,9% compared to the same month of the previous year.

In this edition, the percentage of analysts who consider that **the rate will be under 4,5% during the next three months was 3,3%, between 4.6% and 5% was 49,2%.** The percentage of analysts who expect that **the rate will be between 5.1% and 5.25% during the next three months was 42,6%;** while the **4,9% of analysts believe it will be between 5.26% and 5.5%. None of analysts expect a higher rate than 5.6% (Graph 8).**

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

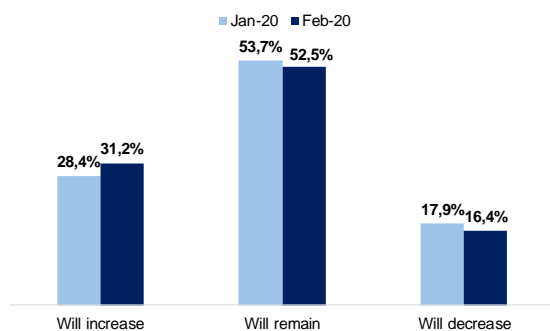


Source: Financial Opinion Survey, Fedesarrollo - bvc

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 at 175-bps in January. **In February 31,2% of analysts (2,8 pps more than the previous FOS) expect the spread to increase in the next three months, while 16,4% (1,3 pps less than previous FOS) expect it to decrease. The remaining 52,5% of the respondents expect for the spread to remain equal.** (Graph 9).

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



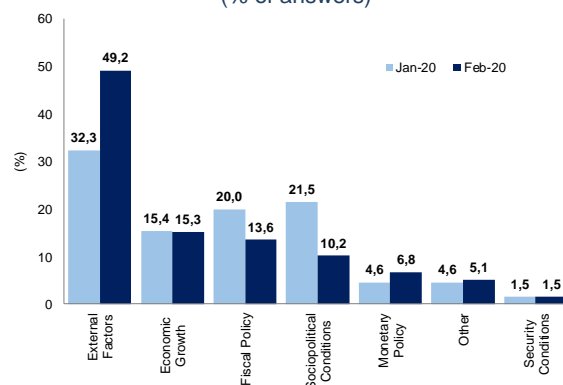
Source: Financial Opinion Survey, Fedesarrollo - bvc

INVESTMENT DETERMINANTS

In this edition of the survey, external factors continue ranking this month as the most important aspect for investing decisions and the proportion of analysts considering it raised to 49,2% (32,3% in the previous month). Economic growth and fiscal policy placed second and third place, respectively.

Concerns about economic growth reached 15,3% of participation (15,6% in previous month), while the fiscal factor reached 13,6% (20,0% in previous month). Sociopolitical conditions placed fourth place, with 10,2% (21,5% in previous month). Monetary policy placed fifth with 6,8% (4,6% in previous month), meanwhile other factors reached 5,1% (4,6% in previous month) and security conditions reached 0,0% (1,5% in previous month) (Graph 10).

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



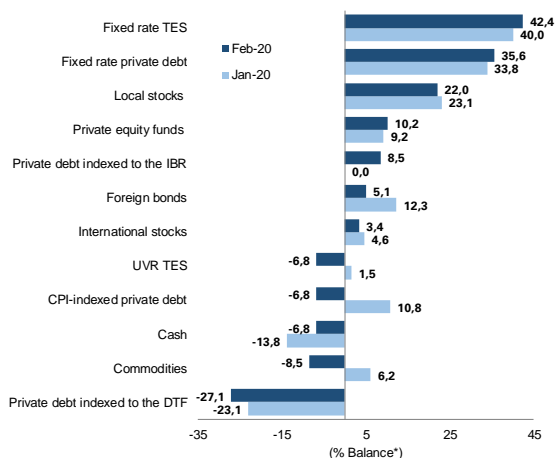
Source: Financial Opinion Survey, Fedesarrollo - bvc

INVESTMENT PREFERENCE

Related to January, portfolio managers increased their preferences for private debt indexed to the IBR, cash, private equity funds, fixed rate private debt and fixed rate TES. In contrast, there is evidence of a deterioration in preferences for private debt indexed to the DTF, CPI-indexed private debt, commodities, UVR TES, local stocks, international stocks and foreign bonds (Graph 11).

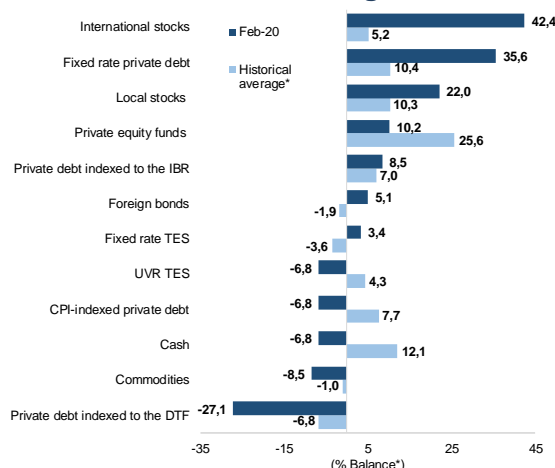
Compared to the survey's historical average, there is a greater preference for private debt indexed to the IBR, fixed rate TES, fixed rate private debt, local stocks, foreign bonds and international stocks (Graph 12).

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 - bvc

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 - bvc

COLCAP

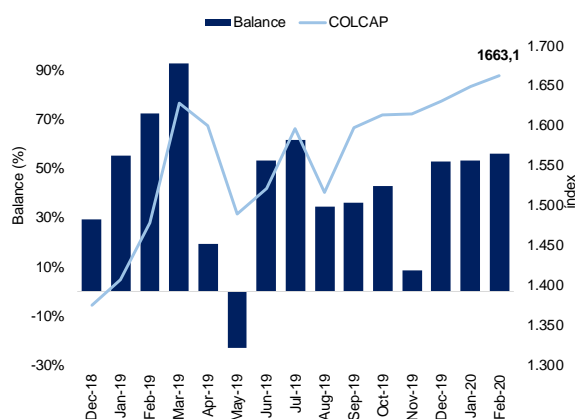
The COLCAP index reflects price changes on the most liquid shares of Colombian Stock Exchange. In February 77,2% of analysts (75,8% in January) expect an appreciation of the index during the next three months (Table 1). On the other hand, the percentage of analysts expecting the stock index to devalue during the next three months is 21,1% (22,6% in January). Finally, the remaining 1,8% expect the index will remain unaltered (1,6% in previous FOS).

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

| Index COLCAP Price Level | January 2020 | February 2020 |
|---------------------------------------|--------------|---------------|
| Will increase 10% or more | 1,6% | 0,0% |
| Will increase between 5% and 9,99% | 4,8% | 10,5% |
| Will increase between 0,01% and 4,99% | 69,4% | 66,7% |
| Will remain | 1,6% | 1,8% |
| Will decrease between 0,01% and 4,99% | 21,0% | 17,5% |
| Will decrease between 5% and 9,99% | 1,6% | 3,5% |
| Will decrease between 10% or more | 0,0% | 0,0% |

Source: Financial Opinion Survey, Fedesarrollo - bvc

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



Source: Financial Opinion Survey, Fedesarrollo - bvc
* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation

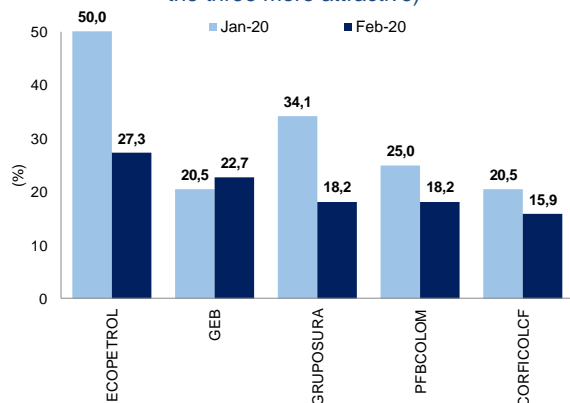
MOST ATTRACTIVE COLCAP SHARES

The FOS asked the analysts for the most attractive shares compounding the COLCAP index. In February, **Ecopetrol common stock** was ranked in the first place with the 27,3%. It was followed by **Grupo Energía de Bogotá common stock**, **Grupo Sura common stock**, **Bancolombia preferred stock**, and **Corficolombiana common stock**. (Graph 14).

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

Graph 14. More attractive COLCAP stocks for investors

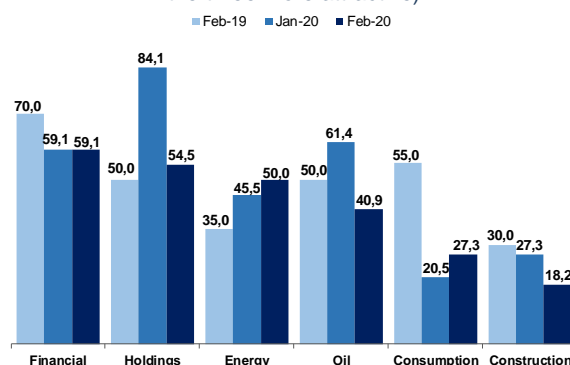
(% of the respondents who consider the stock as one of the three more attractive)



Source: Financial Opinion Survey, Fedesarrollo - bvc

Graph 15. More attractive COLCAP sectors for investors

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

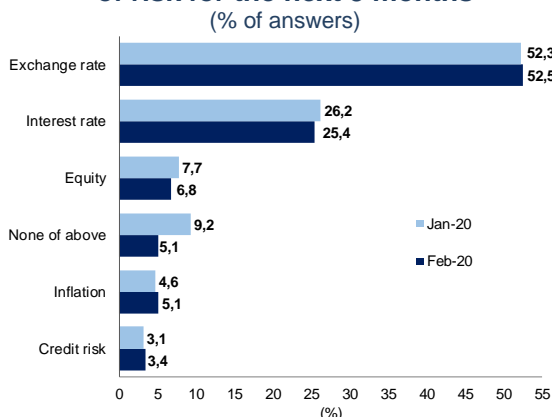


Source: Financial Opinion Survey, Fedesarrollo - bvc

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 February 52,5% of respondents (52,3% in January) were planning to hedge against foreign exchange risk in the short term.** The percentage of administrators who expect to hedge against interest rate placed second with 25,4% (26,2% in January) (Graph 16).

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



Source: Financial Opinion Survey, Fedesarrollo - bvc

Table 2. Summary of Macroeconomic Expectations

| Variable | Observed | Expectations (Median of answers) | |
|---------------------------------|----------|----------------------------------|-----------|
| | Jan-19 | Feb-19 | May-20 |
| Inflation (Annual variation, %) | 3,62 | 3,68 | |
| Exchange rate | \$ 3.411 | \$ 3.380 | \$ 3.340 |
| Interest rate (%) | 4,25 | 4,25 | 4,25 |
| | 4Q-2019 | 1Q-2020 | Year 2020 |
| Growth (%) | 3,37 | 3,30 | 3,30 |

Source: Financial Opinion Survey -bvc



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