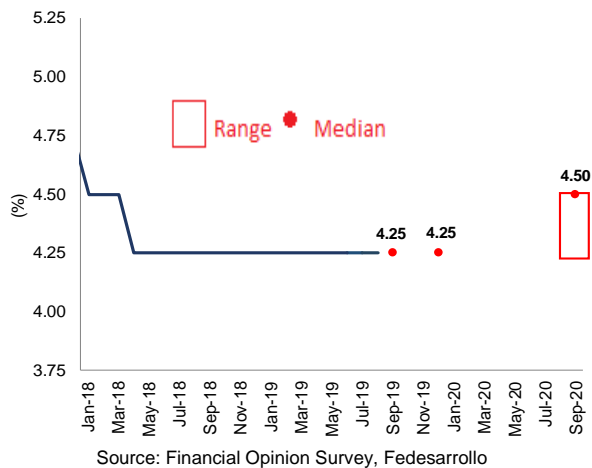


CENTRAL BANK POLICY RATE

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

By the end of the year, 97.4% of the analysts foresee the interest rate to remain unchanged (82.4% in previous FOS), while 2.6% expect a 25-bps increase (14.7% in previous FOS).

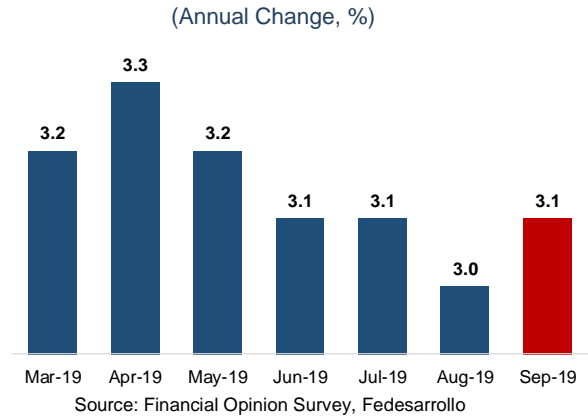
Graph 1. Central Bank Interest Rate



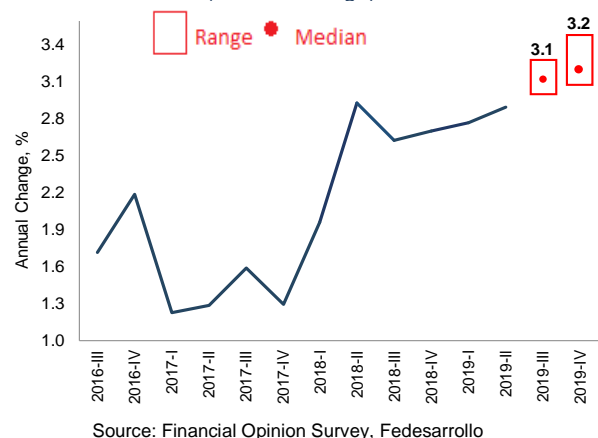
ECONOMIC GROWTH

In September, analysts increased their economic growth forecast for 2019 and 2020 at 3.1% (Graph 2) and 3.3%, respectively, which means a 10 and 5 pbs rise, respectively. Expectations about third quarter growth decreased related to previous edition, the economic growth forecast for the third quarter fell from 3.2% to 3.1% (Graph 3).

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



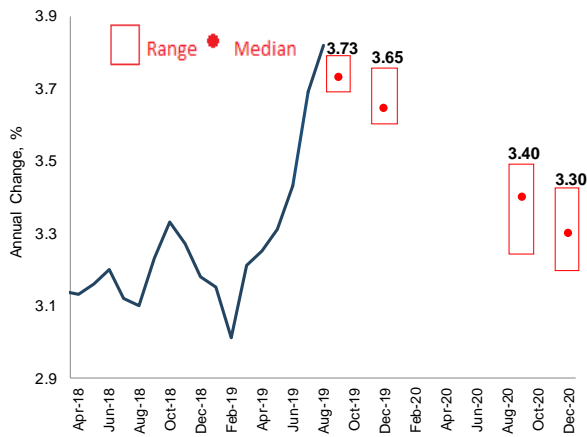
Graph 3. GDP Growth Forecast – second and third quarter of 2019
(Annual Change)



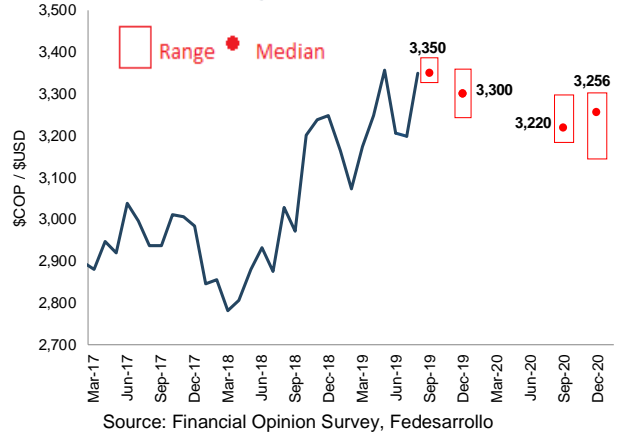
INFLATION

In August, annual inflation reached 3.75%, below the analysts' forecast in the previous edition (3.82%). In September, analysts believe that inflation will decrease and place at 3.73% (Graph 4). Inflation expectations for the end of 2019 fell to 3.65% (Graph 5).

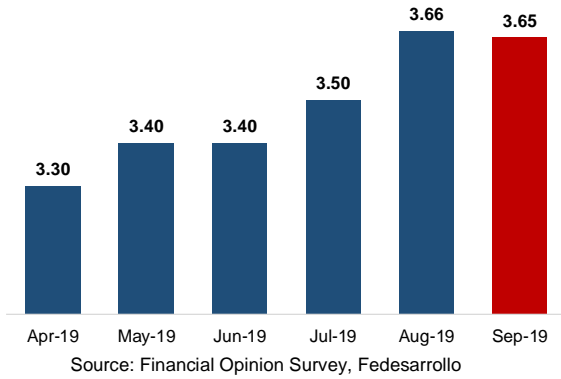
Graph 4. Inflation Forecast



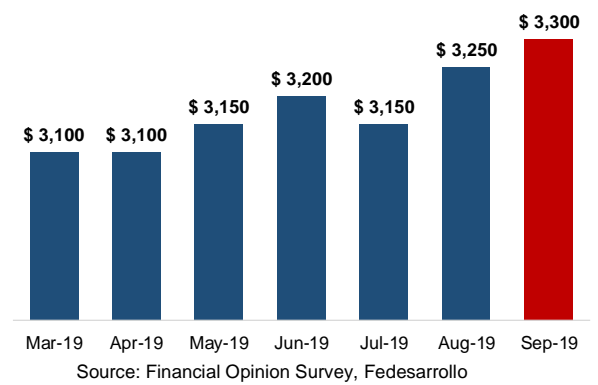
Graph 6. Exchange Rate - end of period



Graph 5. Inflation Forecast - End of 2019



Graph 7. Exchange Rate Forecast - end of period 2019



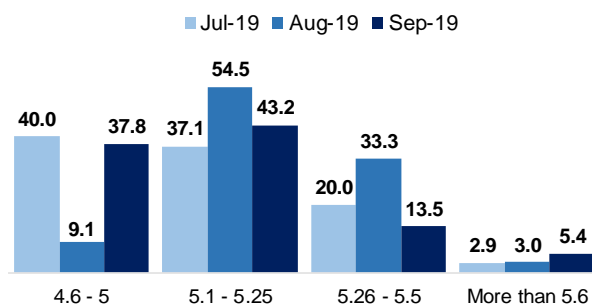
EXCHANGE RATE

In August, the exchange rate closed at \$ 3,427, with a monthly depreciation of 3.95%. On August 29th, it reached a maximum value of \$ 3,477.53 pesos per dollar. **By the end of this month, analysts expect the exchange rate to be between \$3,335 and \$3,381, with \$3,350 as the median response. Exchange rate forecast for the end of 2019 ranges between \$3,238 and \$ 3,300, with \$ 3,300 as the median response (Graph 6 and 7).**

TES 2024 RATE

During August, TES 2024 rate presented a downward trend. In this edition, the percentage of analysts who consider **the rate will be between 4.6% and 5% during the next three months was 37.8%**; 43.2% expect it to range between 5.1% and 5.25%; the 13.5% believe it will be between 5.26% and 5.5%; while 5.4% 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)

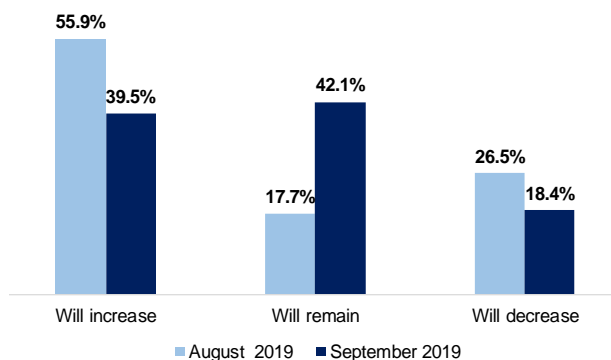


Source: Financial Opinion Survey, Fedesarrollo

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 179-bps in August. **In September, 39.5% of analysts (16.4 pps less than previous month), expect the spread to increase in the next three months, while 18.4% (8.1 pps less than previous month) expect it to decrease. The remaining 42.1% of the respondents expect for the spread to remain equal.** (Graph 9).

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



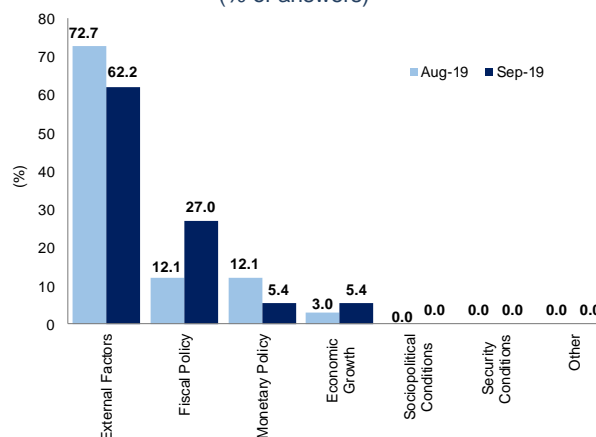
Source: Financial Opinion Survey, Fedesarrollo

INVESTMENT DETERMINANTS

External factors ranked this month as the most important aspect for investing decisions, although the proportion of analysts considering it fell to 62.2% (10.5 pps less than the previous month). Fiscal and monetary policy placed second and third, respectively. The fiscal factor reached 27%,

meaning a 14.9 pps increase related to the past month, while monetary factor reached 5.4%, meaning a 6.7 pps decrease respect the same period. On the other hand, economic growth increased its participation as an aspect for investing, being 2.4 pps above the result of the previous month (Graph 10).

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



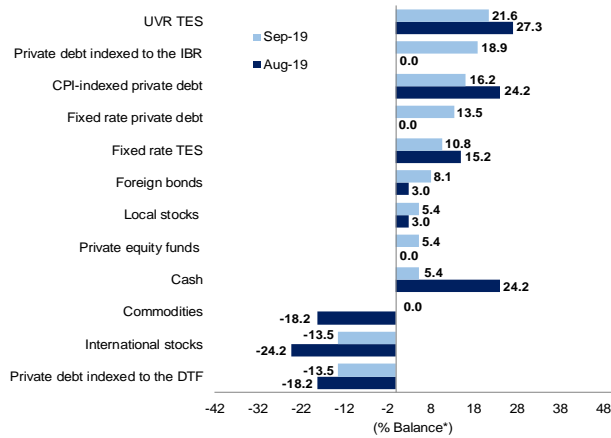
Source: Financial Opinion Survey, Fedesarrollo

INVESTMENT PREFERENCE

Related to past month, **portfolio managers increased their preferences for private debt indexed to IBR, commodities, fixed rate private debt and international stocks.** In contrast, there is evidence of a deterioration in preferences for cash, CPI indexed private debt, UVR TES and fixed rate TES (Graph 11).

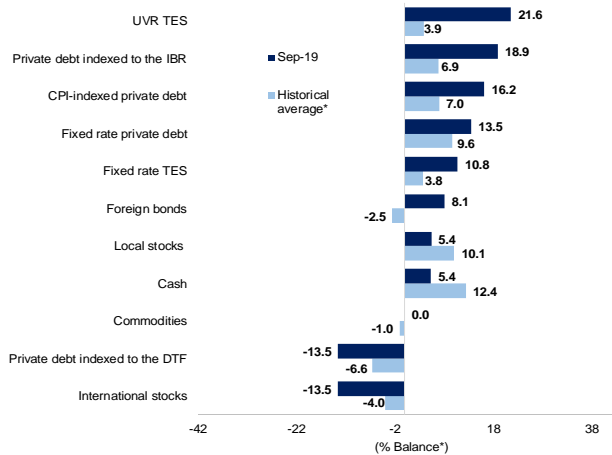
Compared to the survey's historical average, there is a greater preference primarily for UVR TES, private debt indexed to IBR and foreign bonds (Graph 12).

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

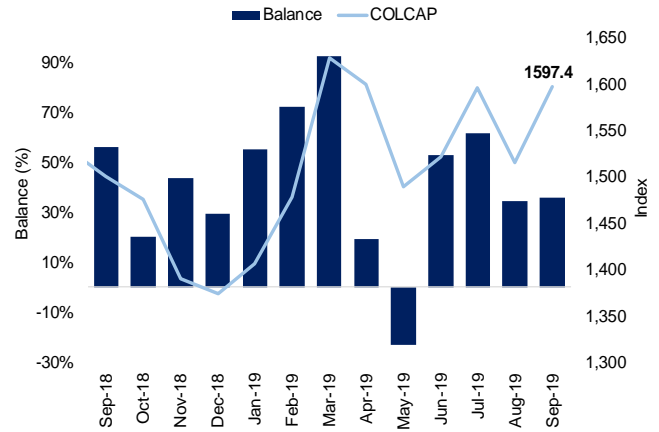
The COLCAP index reflects price changes on the most liquid shares of Colombian Stock Exchange. In September, 66.7% (65.6% in August) of analysts expect an appreciation of the index during the next three months (Table 1). On the other hand, the percentage of analysts expecting the stock index to devalue decreased from 31.3% to 30.6%.

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

Index COLCAP Price Level	August 2019	September 2019
Will increase 10% or more	6.3%	0.0%
Will increase between 5% and 9,99%	18.8%	30.6%
Will increase between 0,01% and 4,99%	40.6%	36.1%
Will remain	3.1%	2.8%
Will decrease between 0,01% and 4,99%	18.8%	27.8%
Will decrease between 5% and 9,99%	12.5%	2.8%
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

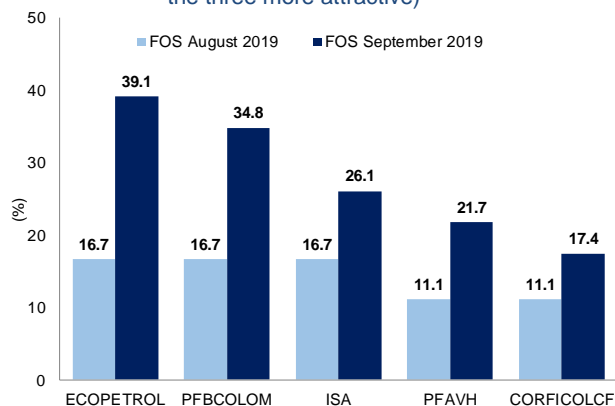
MOST ATTRACTIVE COLCAP SHARES

The FOS asked to the analysts for the most attractive shares compounding the COLCAP index. In this edition, **Ecopetrol** was ranked this month in the first place (39.1%). It was followed by **Bancolombia preferred stocks**, as well as **ISA**, **Avianca** and **Corficolombiana** stocks. (Graph 14).

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

Graph 14. More attractive COLCAP stocks for investors

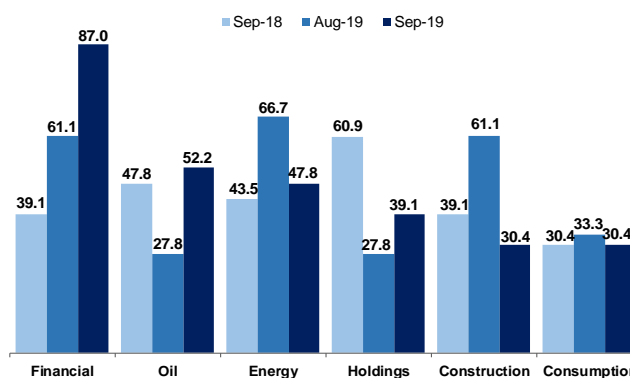
(% of the respondents who consider the stock as one of the three more attractive)



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)



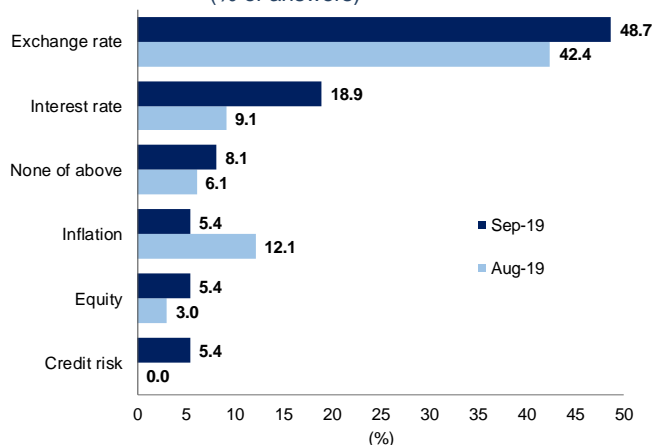
Source: Financial Opinion Survey, Fedesarrollo.

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 September, 48.7% of respondents were planning to hedge against foreign exchange risk in the short term, which represents an increase of 6.2 pps compared to last month responses.** On the other hand, the percentage of administrators who expect to hedge against interest rate placed second with 18.9%, which represents an increase of 9.8 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.

Table 2. Summary of Macroeconomic Expectations

Variable	Observed	Expectations (Median of answers)	
	Aug-19	Sep-19	Dec-19
Inflation (Annual variation, %)	3.75	3.73	3.65
Exchange rate	\$ 3,427	\$ 3,350	\$ 3,300
Interest rate (%)	4.25	4.25	4.25
	2Q-2019	3Q-2019	Year 2019
Growth (%)	3.0	3.1	3.1

Source: Financial Opinion Survey -BVC



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

+57 1 3259777 ext. 340
comercial@fedesarrollo.org.co