Stock market confidence indices
January 2025
Bulletin No. 51

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At the close of December, the **MSCI COLCAP** stood at 1,380, which is 5 points above analysts' forecast of 1,375. It is expected that the index will reach 1,400 by the end of January.

In January, the **One-Year Confidence Index** was 72.0%, reflecting a decrease of 12.6 percentage points compared to the previous month (84.6%) and a drop of 20.3 percentage points compared to the same month in 2024 (92.3%). This indicates that the proportion of analysts expecting the COLCAP to appreciate within a year has decreased compared to both the previous month and one year ago.

The **Buy-on-Dips Confidence Index** stood at 73.3% in January, representing an increase of 13.3 percentage points compared to the previous month (60.0%) and 20.7 percentage points compared to the same month in 2024 (52.6%). This suggests that analysts find it more likely for the MSCI COLCAP to increase following a potential drop in the index, compared to December 2024 and January 2024.

In January, the **Crash Confidence Index** was 53.3%, reflecting an increase of 6.6 percentage points from the previous month (46.7%) but a decrease of 16.7 percentage points compared to the same month in 2024 (70.0%). This suggests that analysts perceive the market as less vulnerable to international market declines compared to the previous month but more vulnerable compared to a year ago.

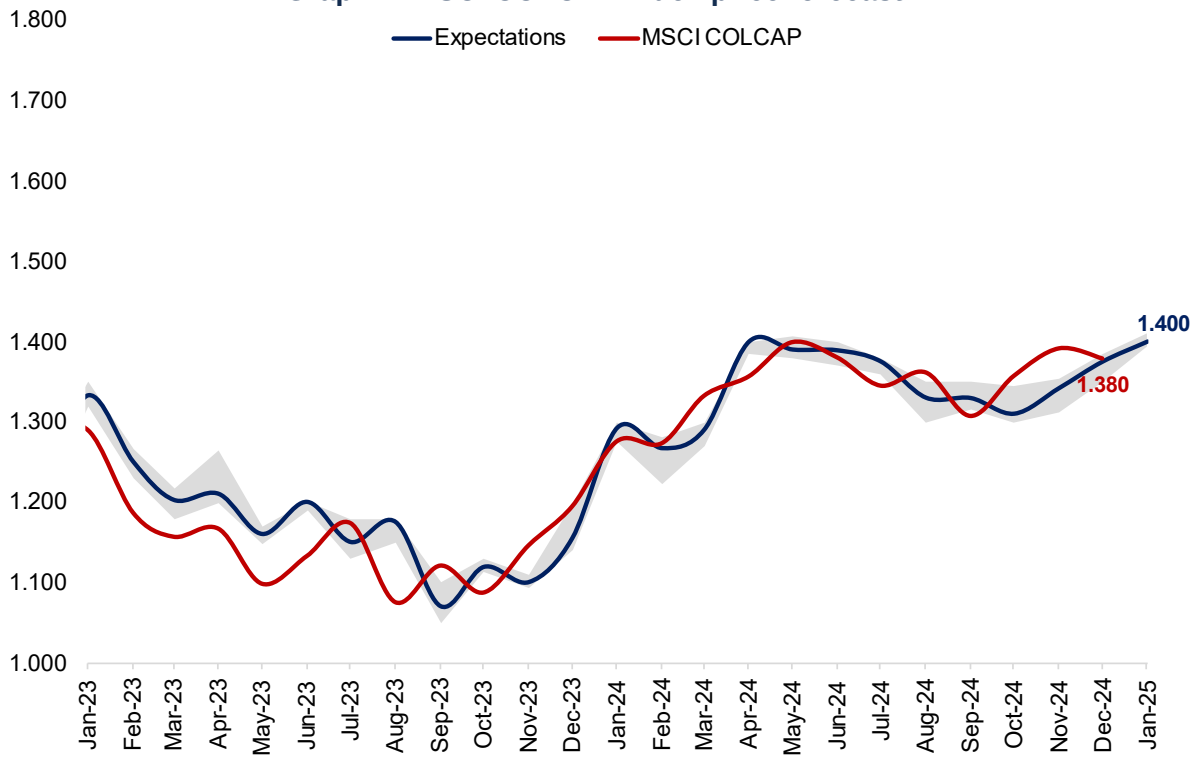
Finally, the **Valuation Confidence Index** was 92.1% in January, which represents a decrease of 2.0 percentage points from the previous month (94.1%) and a drop of 7.9 percentage points compared to the same month in 2024 (100.0%). This indicates that a smaller proportion of analysts believe that stock prices underestimate their fundamental value compared to both December and January 2024.

MSCI COLCAP Index

The MSCI COLCAP index, which reflects the price variations of the most liquid stocks on the Bogotá Stock Exchange (bvc), is one of the most important leading indicators for monitoring the country's capital market. The average for January 2024 (up to January 20) is 1,401, representing a 1.4% appreciation compared to the December 2024 average (1,381) and a 9.9% increase compared to the January 2024 average (1,275).

At the close of December, the MSCI COLCAP stood at 1,380, which is 5 points above analysts' forecast of 1,375. It is expected that by the end of January, the index will range between 1,394 and 1,410, with a median response of 1,400 (Graph 1).

Graph 1. MSCI COLCAP Index price forecast



Source: Financial Opinion Survey, Fedesarrollo – bvc.

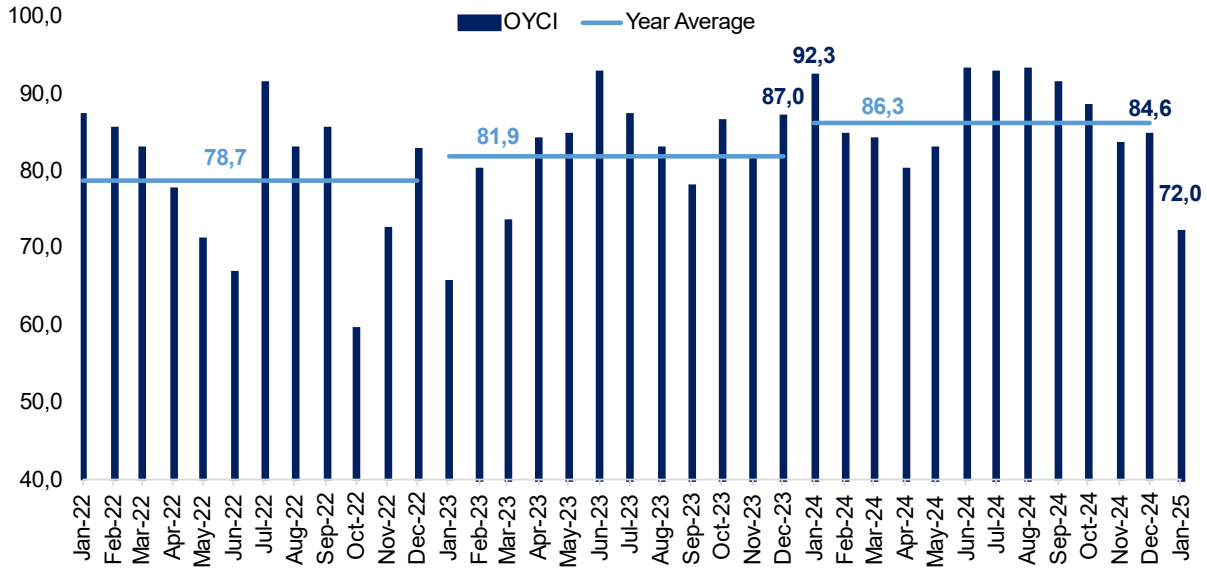
The four confidence indices for the Colombian stock market are presented down below. These indices are calculated based on the Shiller (2000)[1] methodology and using the analysts' expectations collected in the Financial Opinion Survey.

[1] Shiller, Robert J. (2000). Irrational Exhuberance. Princeton University Press. Princeton, N. J

One-Year Confidence Index[2]

The One-Year Confidence Index measures the proportion of analysts who expect an increase in the MSCI COLCAP over the next year. In this edition, the index stood at 72.0%, indicating that this percentage of respondents expects the index to rise in January 2026 compared to the level before the survey was sent out (1,405)[3] (Graph 2). The index experienced a decrease of 12.6 percentage points compared to the previous month (84.6%) and a drop of 20.3 percentage points compared to the same month in the previous year (92.3%), reflecting a decrease in stock market confidence compared to both the previous month and January 2024.

Graph 2. One-Year Confidence Index
(%)



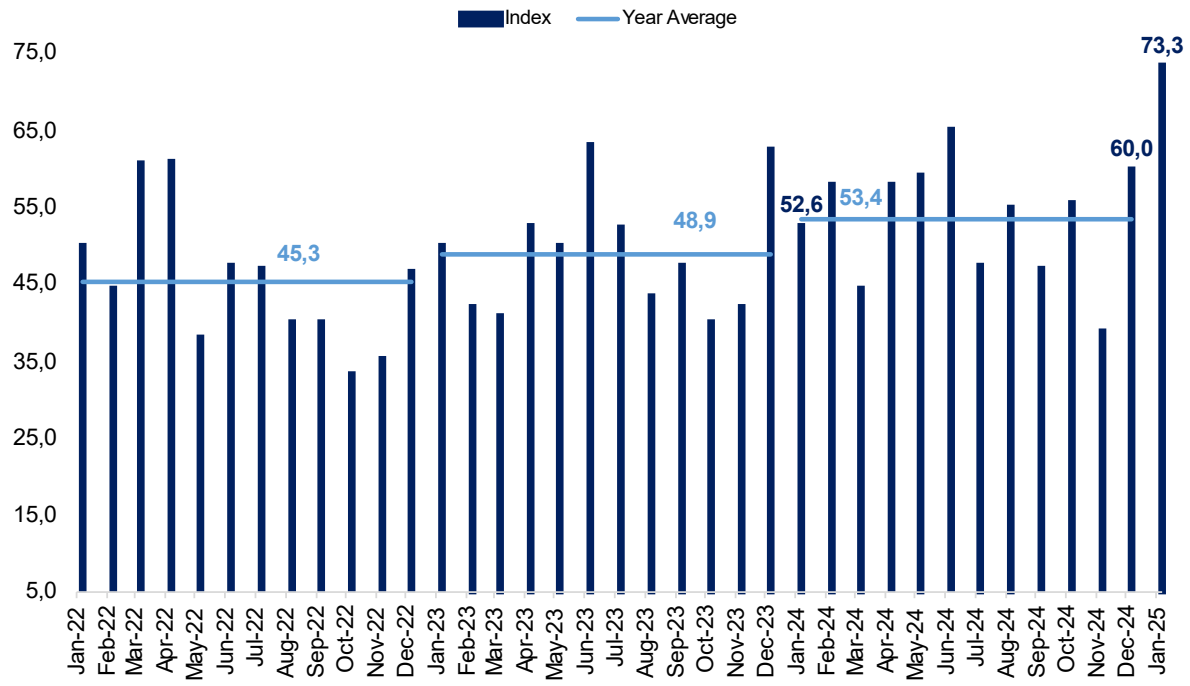
Source: Financial Opinion Survey, Fedesarrollo – bvc.

[2] The One-Year Confidence Index is calculated as the number of respondents that establish a price for the MSCI COLCAP index in 12-months higher than the current level of the index, divided by the total responses excluding invalid answers.
[3] Level of January 10th.

Buy-on-Dips Confidence Index[4]

The Buy-on-Dips Confidence Index measures the proportion of analysts who believe the MSCI COLCAP has the ability to recover one day after a hypothetical 3% drop. The index increased by 13.3 percentage points in January 2025 compared to December 2024 (60.0%), reaching 73.3% (Graph 3). Additionally, analysts consider an immediate recovery of the COLCAP more likely compared to the same month in 2024 (52.6%), representing an increase of 20.7 percentage points.

Graph 3. Buy-on-Dips Confidence Index
(%)



Source: Financial Opinion Survey, Fedesarrollo – bvc.

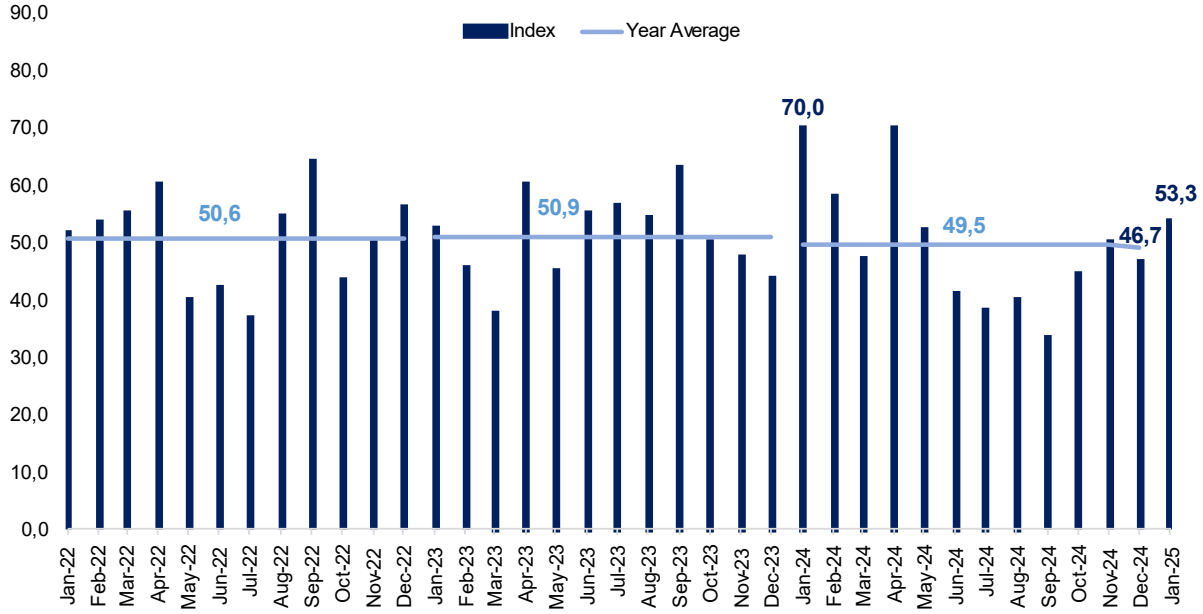
[4] The Buy-on-Dips Confidence Index is calculated as the number of respondents who expect an increase in the MSCI COLCAP index the next day after a 3% drop, divided by the total answers excluding the “no opinion” option.

Crash Confidence Index[5]

The Crash Confidence Index shows the proportion of analysts who believe that the Colombian stock market has a low probability of devaluing the MSCI COLCAP in the next six months following a sharp decline in international markets. In January 2025, the index increased by 6.6 percentage points compared to the previous month's result (46.7%), reaching 53.3%, indicating that the perception of the likelihood of a potential decline in the local stock market due to the deterioration of international markets decreased compared to December 2024 (Graph 4). However, the index was 16.7 percentage points lower than the figure recorded in the same month the previous year (70.0%), reflecting less confidence in the immunity of the stock market to external shocks compared to the previous year.

Graph 4. Crash Confidence Index

(%)



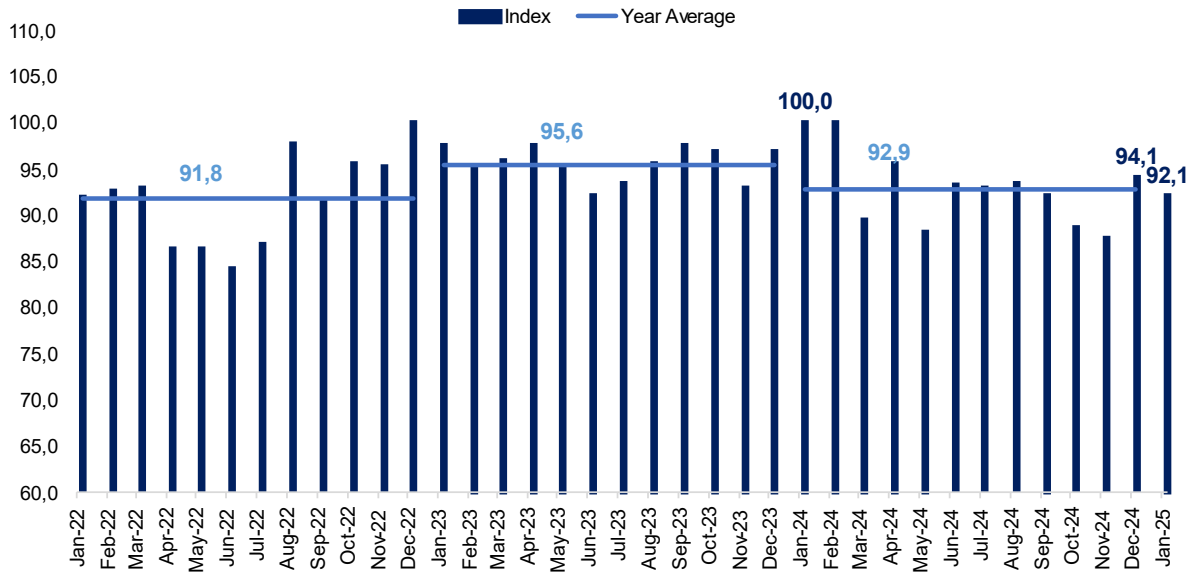
Source: Financial Opinion Survey, Fedesarrollo – bvc.

[5] The Crash Confidence Index is calculated as the number of responses who attach a probability between 0% and 25% to a stock market crash in the next six months including the case that a crash occurred in the international markets and spreads to Colombia, divided by the total responses excluding the "does not apply" option.

Valuation Confidence Index[6]

The Valuation Confidence Index measures the proportion of analysts who consider the prices of MSCI COLCAP stocks to be very low or fair compared to their fundamental value. In January 2025, the index stood at 92.1%, which is 2.0 percentage points lower than the December 2024 level (94.1%) and 7.9 percentage points lower than the January 2024 level (100.0%). This indicates that a smaller proportion of analysts, compared to both the previous month and the same month last year, believe that stock prices underestimate their fundamental value (Graph 5).

Graph 5. Valuation Confidence Index
(%)



Source: Financial Opinion Survey, Fedesarrollo – bvc.

Contact us if you wish to access historical results and further information

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Published January 22nd, 2024
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[6] The Valuation Confidence Index is calculated as:
$Valuation\ Confidence\ Index = \left(1 * (\%\ too\ low)\right) + \left(0.5 * (\%\ about\ right)\right)$, where % too low and % about right, correspond respectively to the number of analysts who chose that the values of the local stocks are too low and about right in regard of the fundamental value excluding the option "do not know".