Stock market confidence indices
August 2025
Bulletin No. 58

FEDESARROLLO
Centro de Investigación Económica y Social

bvc nuam

At the end of July, the **MSCI COLCAP** stood at 1,773, which is 83 points above analysts' forecasts (1,690). By the end of August, the index is expected to reach a level of 1,823.

In August, the **One-Year Confidence Index** stood at 86.2%, which is equivalent to a drop of 2.2 percentage points compared to the previous month (84.0%) and 6.9 percentage points compared to the same month in 2024 (93.1%). This indicates that the proportion of analysts who expect the COLCAP to appreciate over the next 12 months decreased compared to the previous month and compared to a year ago.

The **Buy-on-Dips Confidence Index** stood at 60.0% in August, down 2.5 percentage points from the previous month (62.5%) and increasing 5.0 percentage points from the same month in 2024 (55.0%). This implies that analysts consider an increase in the MSCI COLCAP is less likely the day after a potential decline in the index compared to the previous month, but more likely compared to the same month in 2024.

In August, the **Crash Confidence Index** stood at 56.3%, which is a decrease of 6.3 percentage points compared to the previous month (62.5%) and an increase of 16.3 percentage points compared to the same month in 2024 (40.0%). This indicates that analysts consider the local market to be more vulnerable to declines in international markets compared to the previous month, but less vulnerable compared to a year ago.

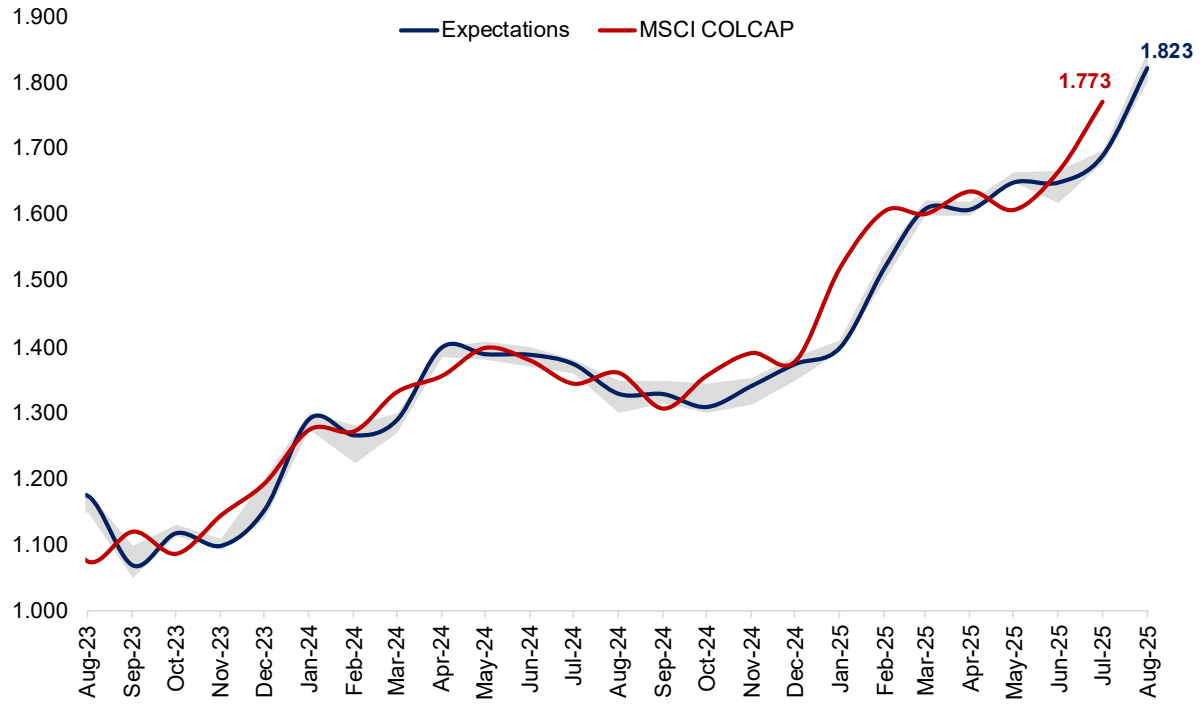
Finally, the **Valuation Confidence Index** stood at 76.5% in August, showing a decrease of 13.0 percentage points compared to the previous month (89.5%) and 17.0 percentage points compared to the same month in 2024 (93.5%). This implies that a lower proportion of analysts believe that stock prices underestimate the value of their fundamentals compared to July 2025 and against August 2024.

MSCI COLCAP Index

The MSCI COLCAP index, which reflects the variations in the prices of the most liquid stocks on the Colombian Stock Exchange (bvc), represents one of the most important leading indicators for monitoring the country's capital market. The average for August 2025 (through August 15) stands at 1,785.6, representing a 4.3% increase over the July 2025 average (1,712.1) and a 35% increase over the August 2024 average (1,322.7).

At the end of July, the MSCI COLCAP stood at 1,773, which is 83 points above analysts' forecasts (1,690). By the end of July, the index is expected to rise to 1,823 as a median response, in a range between 1,803 and 1,850.

Graph 1. MSCI COLCAP Index price forecast



Source: Financial Opinion Survey, Fedesarrollo – bvc.

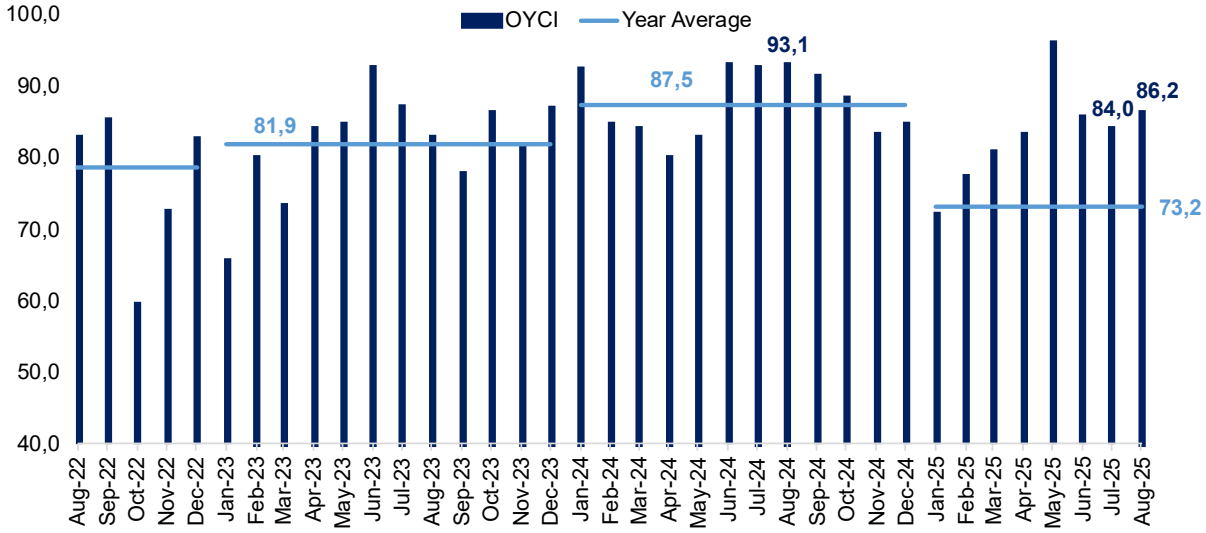
The four-confidence index for the Colombian stock market are presented down below. These indices are calculated based on the Shiller (2000)[1] methodology and using the analysts' expectations collected in the Financial Opinion Survey.

[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 86.2%, indicating that this percentage of respondents expects an increase in the index in July 2026 compared to the level prior to the survey being sent out (1,802.8) (Graph 2). The index increase by 2.2 percentage points compared to the previous month (84.0%) and by 6.9 percentage points compared to the same month last year (93.1%), reflecting an improvement in stock market confidence compared to the previous month, but a decrease compared to the level in July 2024.

Graph 2. One-Year Confidence Index
(%)



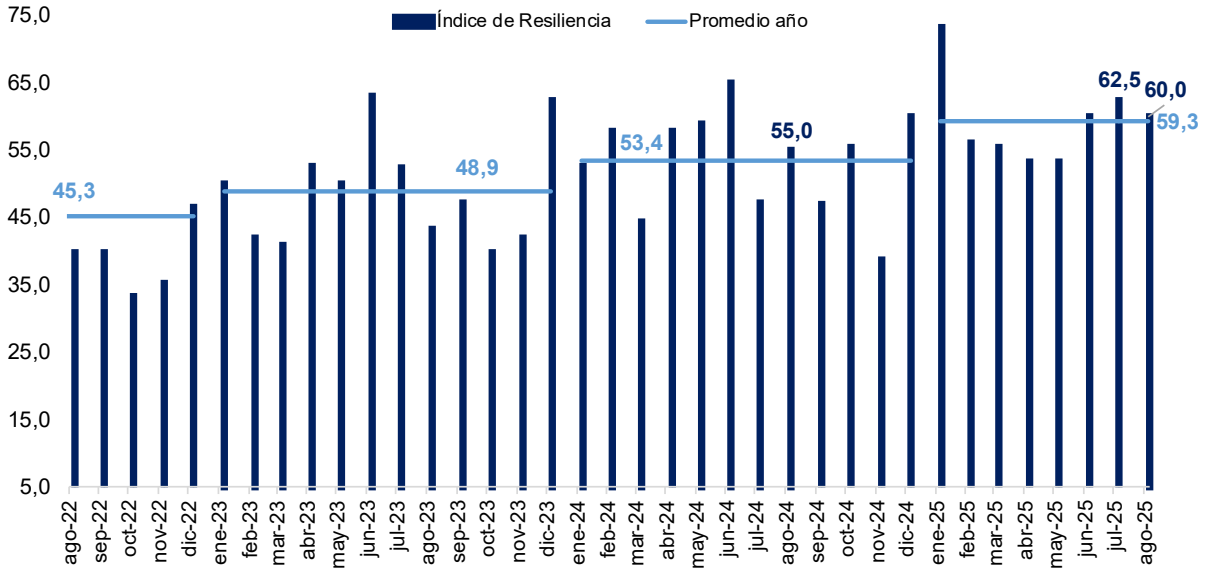
Source: Financial Opinion Survey, Fedesarrollo – bvc.

[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.

Buy-on-Dips Confidence Index[3]

The Buy-on-Dips Confidence Index measures the proportion of analysts who believe that the MSCI COLCAP has the ability to recover the day after a hypothetical 3% drop. In August 2025, the index stood at 60.0%, down 2.5 percentage points from July (62.5%) (Chart 3). Analysts consider an immediate recovery of the COLCAP more likely compared to the same month in 2024 (55.0%), representing an increase of 5.0 percentage points.

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



Source: Financial Opinion Survey, Fedesarrollo – bvc.

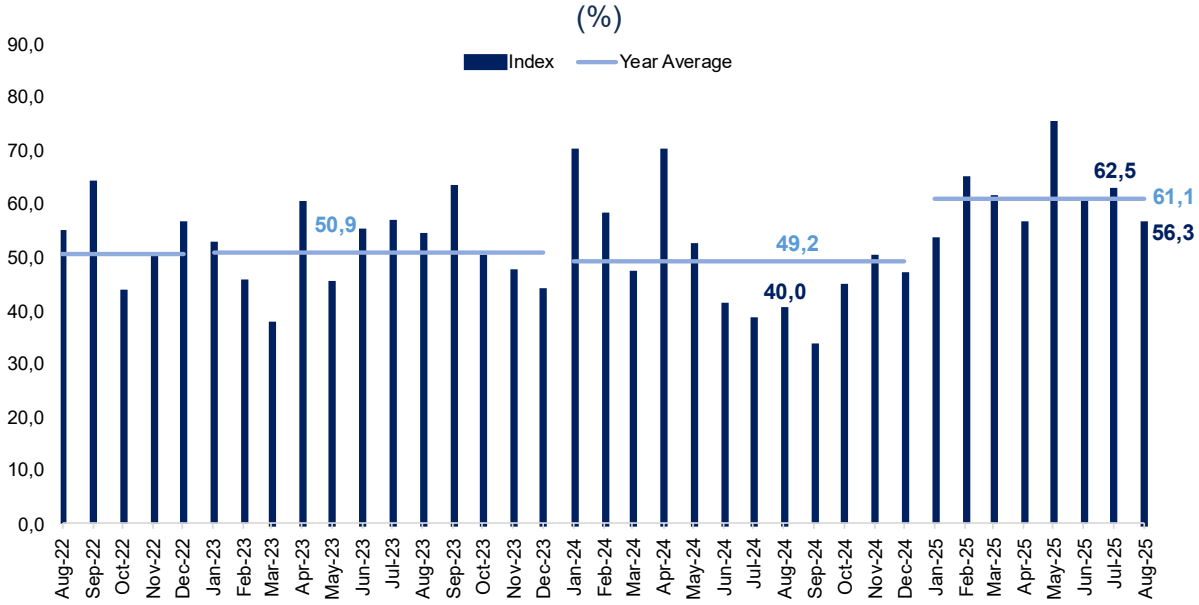
[3] The Buy-on-Dips Confidence Index is calculated as the number of respondents who expect an increase in the MSCI COLCAP index the next day after a 3% drop, divided by the total answers excluding the "no opinion" option.

Crash Confidence Index[4]

The Crash Confidence Index shows the proportion of analysts who believe that the Colombian stock market has a low probability of a depreciation in the MSCI COLCAP over the next six months in the event of a sharp decline in international markets. In August 2025, the index falls by 6.2 percentage points compared to the previous month's result (62.5%), reaching 56.3%, which indicates that the perception of the likelihood of a possible decline in the local stock market due to the deterioration of international markets increased compared to July 2025 (Graph 4).

Meanwhile, the index stood 16.3 percentage points above the figure recorded in the same month of the previous year (40.0%), reflecting an improvement in confidence in the stock market's immunity to external shocks compared to August 2024.

Graph 4. Crash Confidence Index



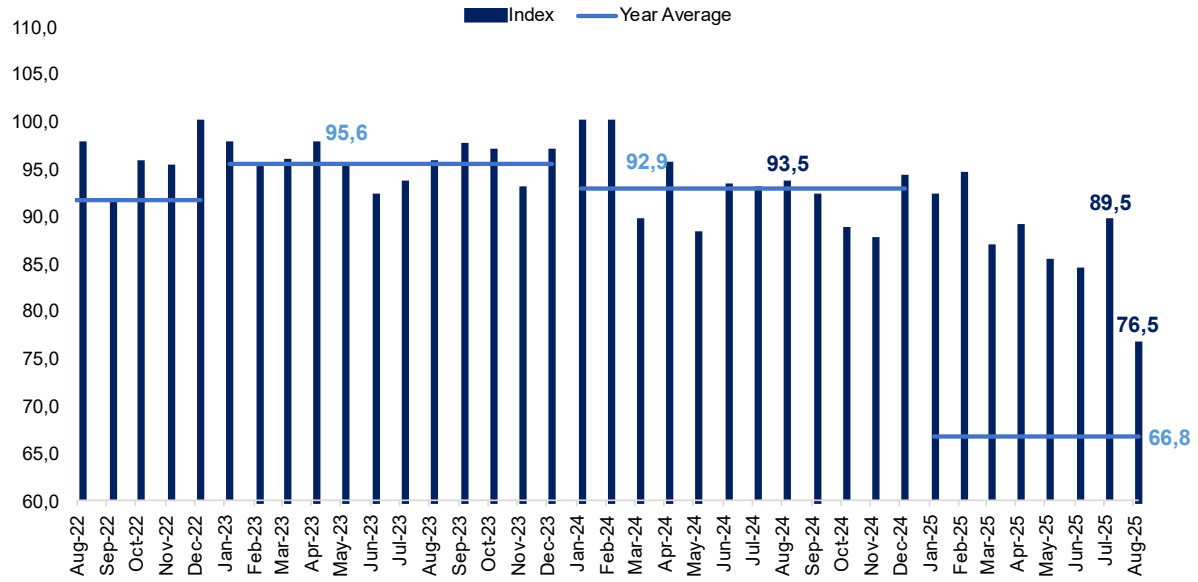
Source: Financial Opinion Survey, Fedesarrollo – bvc.

[4] 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[5]

The Valuation Confidence Index measures the proportion of analysts who consider the prices of MSCI COLCAP stocks to be very low or fair relative to their fundamental value. In August 2025, the index stood at 76.5%, which is 13.0 percentage points above July 2025 (89.5%) and 17 percentage points below the August 2024 level (93.5%). This indicates that, compared to the previous month and year, a lower proportion of analysts believe that the value of the shares underestimates their fundamental value (Chart 5).

Graph 5. Valuation Confidence Index
(%)



Source: Financial Opinion Survey, Fedesarrollo – bvc.

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

+601 3259777 ext. 340
comercial@fedesarrollo.org.co

Published August 20, 2025
Comments to **Juan Daniel Sarmiento:** dsarmiento@fedesarrollo.org.co

[5] The Valuation Confidence Index is calculated as:
$Valuation\ Confidence\ Index = (1 * (\%\ too\ low)) + (0.5 * (\%\ about\ right))$, 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".