Financial Opinion Survey
March 2022
Bulletin No.203

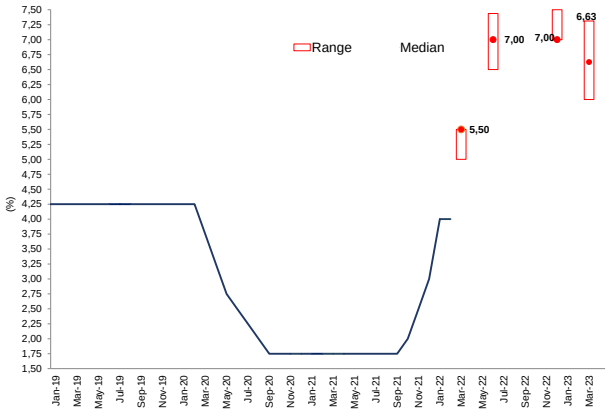
FEDESARROLLO
Centro de Investigación Económica y Social

CENTRAL BANK POLICY RATE

In January, the Board of Directors of the Central Bank placed the intervention rate in 4.0%. The next monetary policy decision will take place on March 31.

By March, 51.0% of the analysts expects the interest rate to reach 5.5%, meanwhile the 24.0% expects it to be at 5.0%. The 11.0% foresee a 5.25% rate. There is also a 5% that expect it to be at 5.75%, and another 5% that expect it to reach 6.0%, while the remaining 3.0% expects that it will reach 4.5% (Graph 1).

Graph 1. Central Bank interest rate



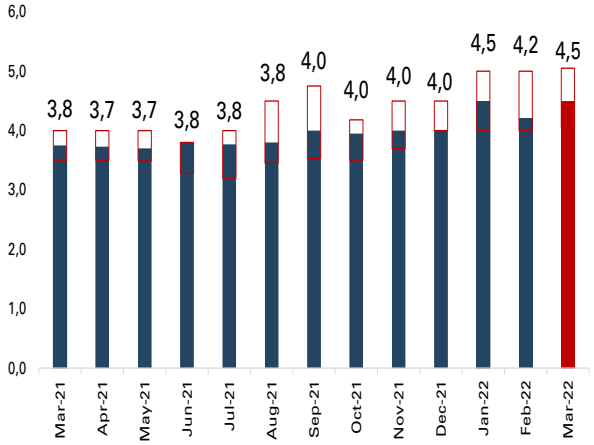
Source: Financial Opinion Survey, Fedesarrollo - BVC

ECONOMIC GROWTH

In March, the economic growth forecast for 2022 ranges between 4.05% and 5.05%, with **4.5%** as median response *(4.2% in the previous FOS)* (Graph 2). **The economic growth forecast for 2023 was at 3.5%, ranging between 3.0% and 3.96%.**

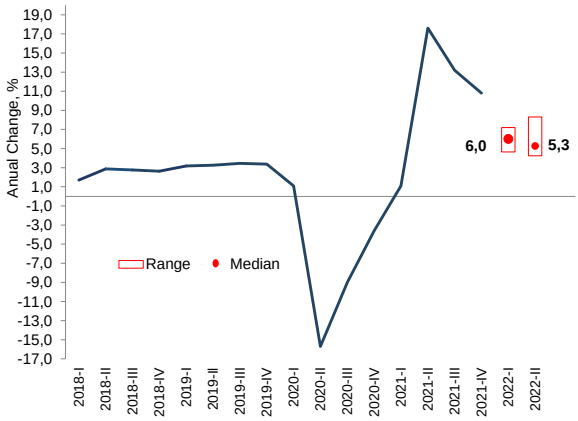
Expectations about the first quarter of 2022 were in a median of 6.0% *(5.1% in the previous edition),* **ranging between 4.65% and 7.2%. Expectations regarding the second quarter of 2022 growth reached 5.26%, ranging between 4.25% and 8.3%** (Graph 3).

Graph 2. 2022 GDP annual growth forecast
(Annual Change, %)



Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 3. GDP growth forecast – first quarter 2022 and second quarter 2022
(Annual Change)



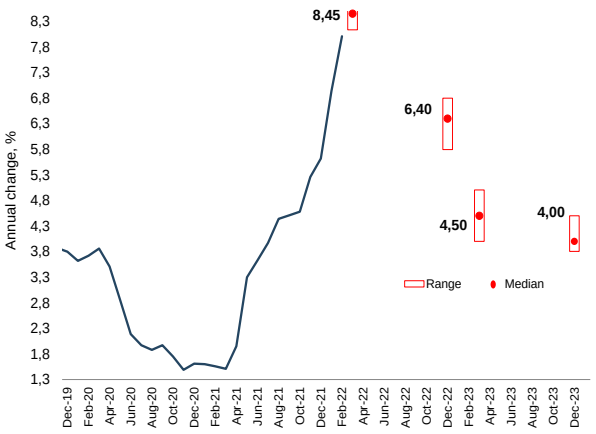
Source: Financial Opinion Survey, Fedesarrollo - BVC

INFLATION

In February, the annual inflation reached 8.01%, higher than the analysts forecast in the previous edition (7.35%). **In March, the analysts believe that inflation will reach 8.45%** (Graph 4)**. It is highlighted that the current expectations are above the target range (2.0% to 4.0%) of the Central Bank.**

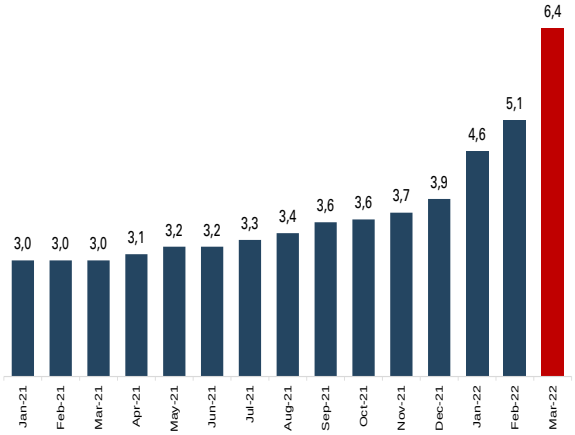
On the other hand, **the experts foresee that the inflation at the end of 2022 will reach the value of 6,4%.** This means that the prediction made at this edition is higher than the one made on the previous month (Graph 4).

Graph 4. Inflation forecast



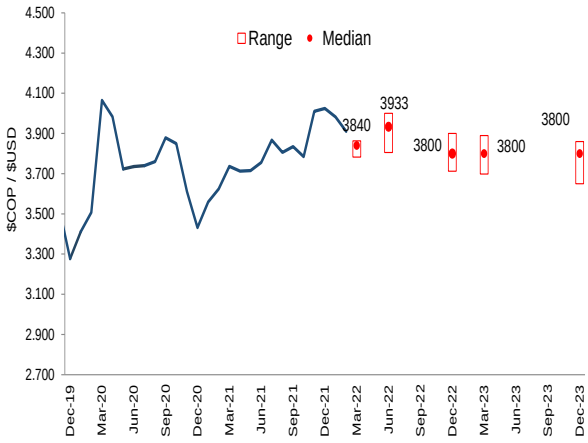
Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 5. Inflation forecast - End 2022



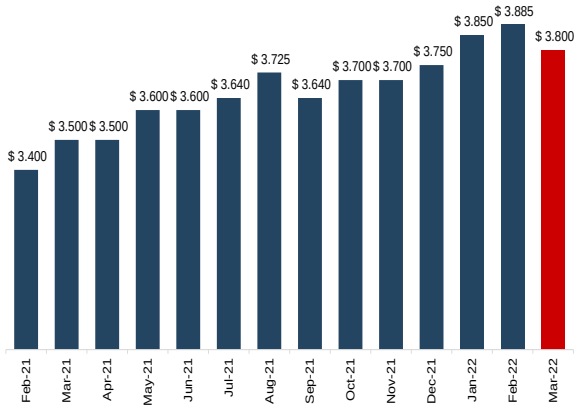
Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 6. Exchange rate - end of period



Source: Financial Opinion Survey, Fedesarrollo – BVC

Graph 7. Exchange rate forecast End of 2022



Source: Financial Opinion Survey, Fedesarrollo - BVC

EXCHANGE RATE

In February, the exchange rate closed at $ 3.910,64, with a monthly appreciation of 1.81%. On February 9 it reached a maximum value of $ 3,965.41 pesos per dollar and on February 28 it reached a minimum value of $3,910.64 pesos per dollar. **The exchange rate forecast by the end of the month ranges between $3.783 and $3.863, with $3.840 as median response** (Graph 6). Thus, it is expected that the exchange rate at March will close below the $ 4,000 pesos.

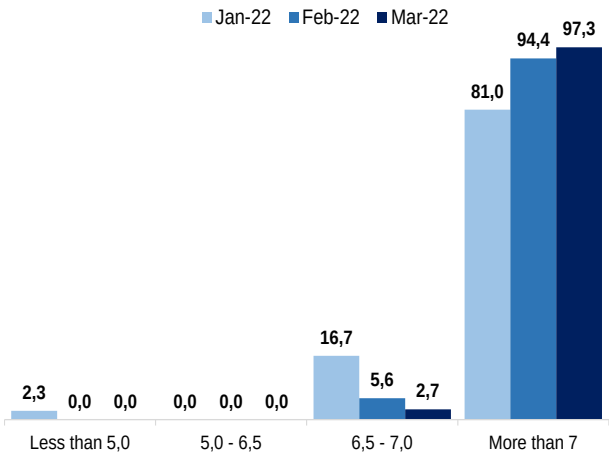
On the other hand, **experts think that the exchange rate will close at 3.800 at the end of 2022**, showing a decrease in the previous estimations (Graph 7).

TES 2024 and 2028 RATE

In this edition, the percentage of analysts who considers that **the interest rate on the treasury bonds maturing in 2024 will be over 7.0% during the next three months is 97.3%; while the remaining 2.7% expects that it will be between 6.5% and 7.0%.** (Graph 8). This shows an evident increase in the predictions made by the experts compared to the previous editions.

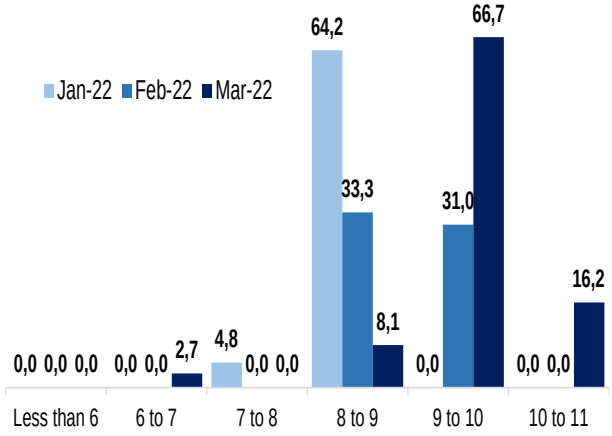
Regarding TES maturing in 2028, **the 66.7% of the analysts expects a rate between 9.0% and 10.0%; meanwhile there is an 8.1% that expects it to be between 8% and 9%. There is also 16.2% that foresees it to be between 10% and 11%, while the remaining 2.7% think it will be between 6% and 7%** during the next three months (Graph 9).

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



Source: Financial Opinion Survey, Fedesarrollo – BVC

Graph 9. Expectation of TES 2028 performance rate for the next 3 months
(% of answers)

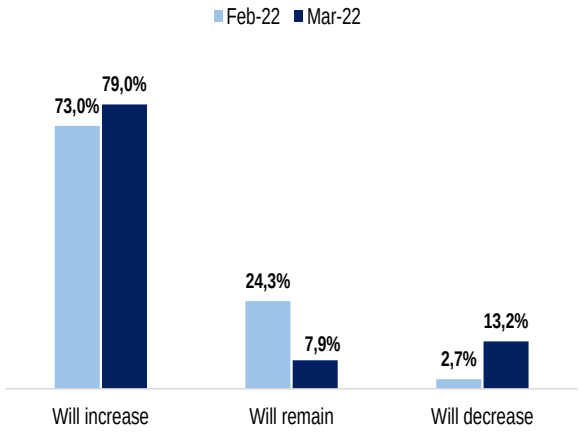


Source: Financial Opinion Survey, Fedesarrollo - BVC

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. The debt spread closed at 380-bps in February. **In March, 78.95% of the analysts** *(6.0-bps more than the previous FOS)* **expects the spread to increase in the next three months, while 13.16%** *(10.5-bps more than previous FOS)* **expects it to decrease. The remaining 7.89% of the respondents expects for the spread to remain equal** *(16.4-bps less than the previous FOS)* (Graph 10).

Graph 10. Expectation 3-months debt spread
(% of answers)

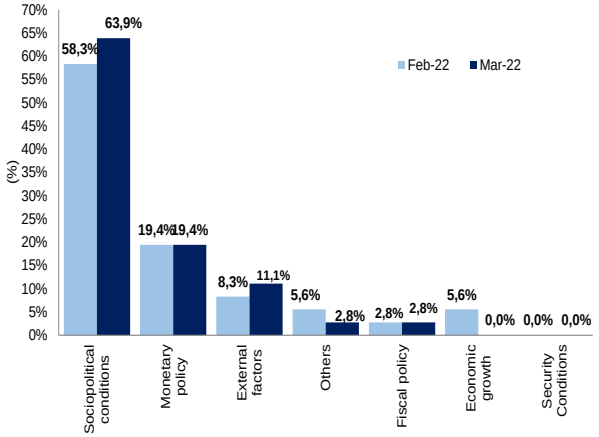


Source: Financial Opinion Survey, Fedesarrollo - BVC

INVESTMENT DETERMINANTS

In this edition, the sociopolitical conditions rank as the most important aspect considered for investing decisions, reaching 63.89% *(58.33% in the previous month)*. Monetary policy placed second, with 19.44% *(19.44% in the previous month).* External factors was placed at third place, with 11.11% *(8.33% in the previous month). On the other hand,* Other factors, same as fiscal policy, reached 2.78% (*5,56% and 2,78% in the previous month respectively)*, while economic growth *and security conditions* were no relevant for any of the investors (Graph 11).

Graph 11. Most relevant factors for investment decisions
(% of answers)



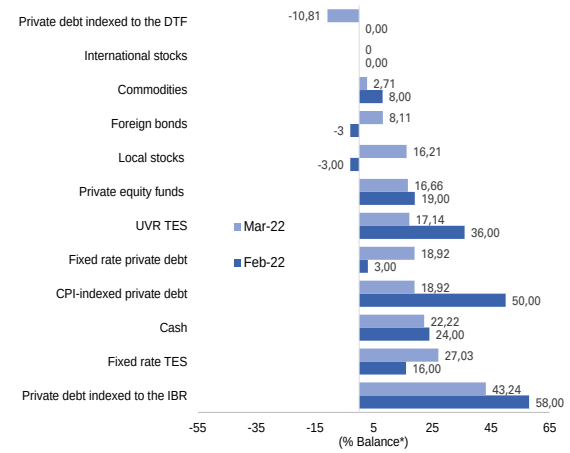
Source: Financial Opinion Survey, Fedesarrollo – BVC

INVESTMENT PREFERENCES

Compared to February, **portfolio managers increased their preferences for local stocks, fixed rate private debt, foreign bonds, and fixed rate TES.** In contrast, there is evidence of a deterioration in preferences for CPI-Indexed private debt, UVR TES, private debt indexed to the IBR, *commodities, c*ash, private debt indexed to the DTF and private equity funds (Graph 12).

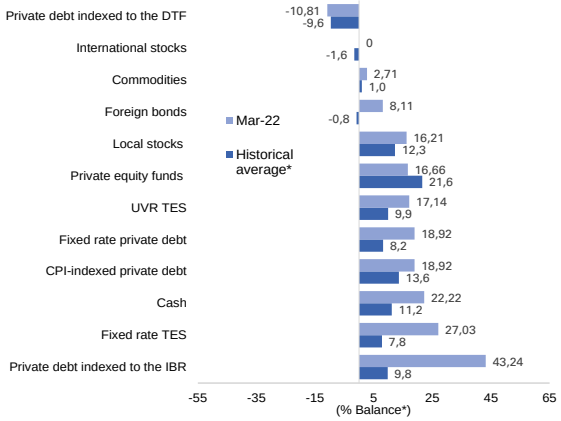
Compared to the survey's historical average, there is a greater preference for CPI-Indexed private debt, UVR TES, private debt indexed to the IBR, *commodities, c*ash, local stocks, fixed rate private debt, foreign bonds, and fixed rate TES. (Graph 13).

Graph 12. 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 13. 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

MSCI COLCAP

The MSCI COLCAP index is a market-capitalization weighted index that reflects price changes on the most liquid stocks listed in the Colombia's stock exchange. **In March, the 40.0% of the analysts** (*50.0% in February*) **expects a valuation of the index during the next three months** (Table 1), while the remaining 60.0% **of the analysts expects the index to devaluate and none of them expects it to remain the same** *(50.0% and 0% respectively in the previous FOS).*

Table 1. Expectations about the MSCI COLCAP index price at 3 months

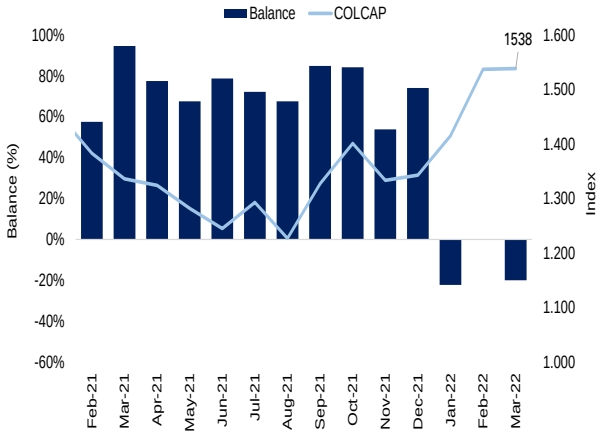
(% of answers)

Index COLCAP Price Level	February 2022	March 2022
Will increase 10% or more	2,9%	0,0%
Will increase between 5% and 9,99%	8,8%	5,7%
Will increase between 0,01% and 4,99%	38,2%	34,3%
Will remain	0,0%	0,0%
Will decrease between 0,01% and 4,99%	20,6%	31,4%
Will decrease between 5% and 9,99%	17,6%	22,9%
Will decrease between 10% or more	11,8%	5,7%

Source: Financial Opinion Survey, Fedesarrollo – BVC

Graph 15. Balance on the price of the MSCI COLCAP index 3 months*

(% of answers)



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

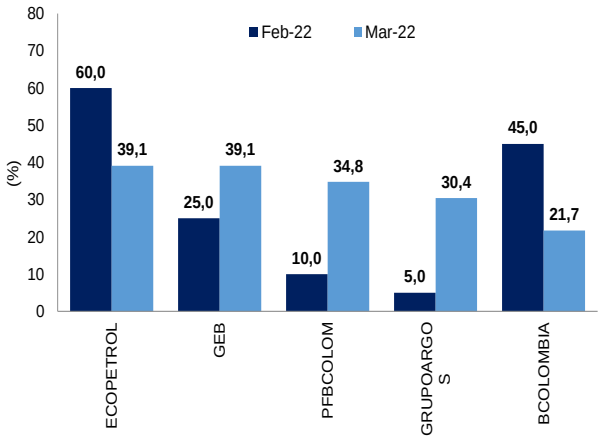
MOST ATTRACTIVE COLCAP SHARES

The FOS inquires the analysts for the most attractive stocks compounding the MSCI COLCAP index. **In March, the stock of Ecopetrol was ranked in the first place** with 39.1%. **It was followed by the stock of GEB, the stock of Bancolombia Preferencial, the**

stock of Grupo Argos and the stock of Bancolombia (Graph 15).

Graph 15. More attractive MSCI COLCAP stocks for investors

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

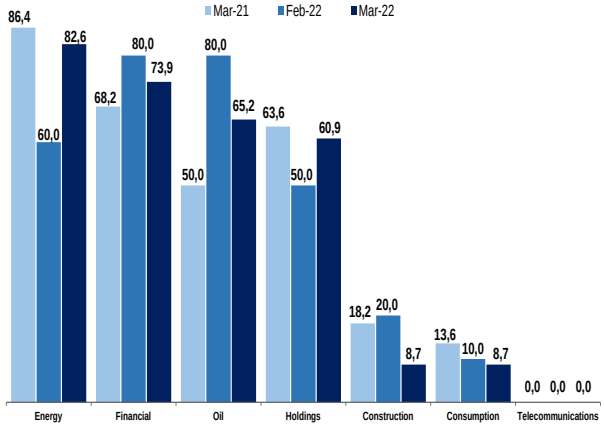


Source: Financial Opinion Survey, Fedesarrollo – BVC

Compared to the last month, there is greater appetite among respondents mainly for shares of the oil, energetic, holdings and financial sectors (Graph 16).

Graph 16. Most attractive MSCI COLCAP sectors for investors

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



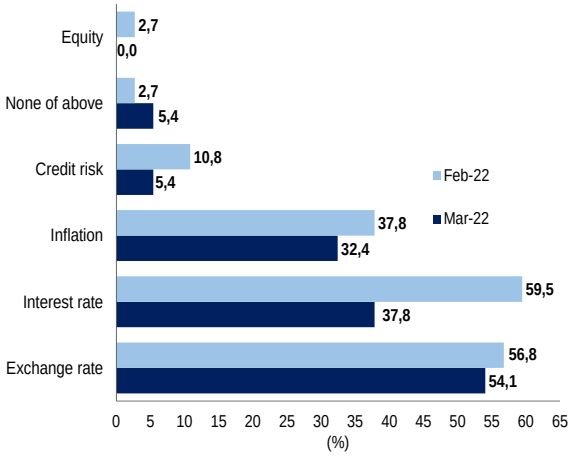
Source: Financial Opinion Survey, Fedesarrollo – BVC

RISK COVERAGE

The FOS inquires portfolio managers about the types of risk for which they plan to hedge against, in the next three months. **In March, 54.1% of the respondents** *(56.8% in February)* **were planning to hedge against the exchange rate in the short term.** The percentage of managers who expect to hedge against the **interest rate** is 37.8% *(59.5% in February).*

Graph 18. Coverage of the different types of risk for the next 3 months

(% of answers)



Source: Financial Opinion Survey, Fede

Table 2. Summary of the Macroeconomic Expectations

Variable	Observed	Forecasts (Median of answers)		
	Feb-22	Mar-22	Jun-22	Dec-22
Inflation (Annual variation, %)	8.01	8.45		6.4
Exchange rate	$ 3,910.64	$ 3,840	$ 3,933	$ 3,800
Monetary policy interest rate (%)	4.0	5.5	7.0	7.0
	IVQ-2021	IQ-2022	IIQ-2022	2022
Growth (%)	10.8	6.0	5.26	4.5

Source: Financial Opinion Survey - BVC

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