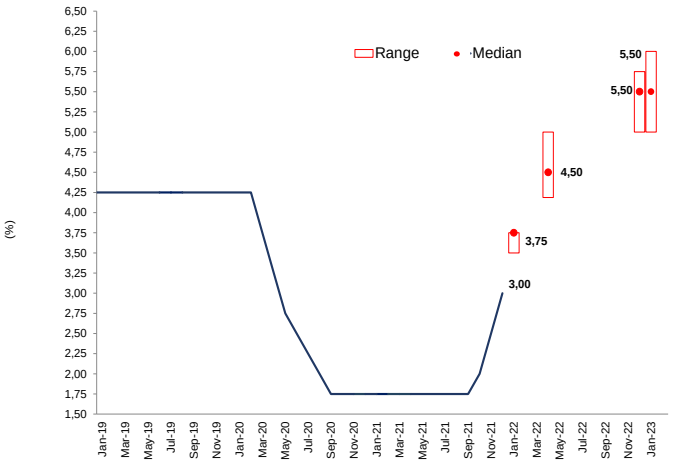
Financial Opinion Survey
January 2022
Bulletin No.201

CENTRAL BANK POLICY RATE

In December, the Board of Directors of the Central Bank placed the intervention rate in 3.0%. The next monetary policy decision will take place on January 28.

By January, 54,8% of the analysts expects the interest rate to increase up to 3,75%, meanwhile the 31,0% expects it to be at 3.5%. The 4.8% foresee a 3.25% rate, other 4.8% expect the interest rate to remain at 3.0% and the remaining 4.8% expects that it will reach 4.0% (Graph 1).

Graph 1. Central Bank interest rate



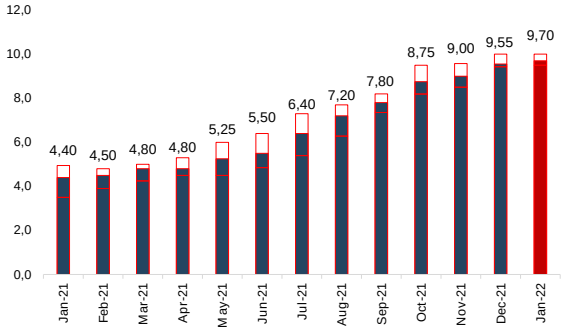
Source: Financial Opinion Survey, Fedesarrollo - BVC

ECONOMIC GROWTH

In January, the economic growth forecast for 2021 ranges between 9.5% and 10.0%, with **9.7%** as median response *(9.5% in the previous FOS)* (Graph 3). **The economic growth forecast for 2022 was at 4.5%, ranging between 4.0% and 4.50%.**

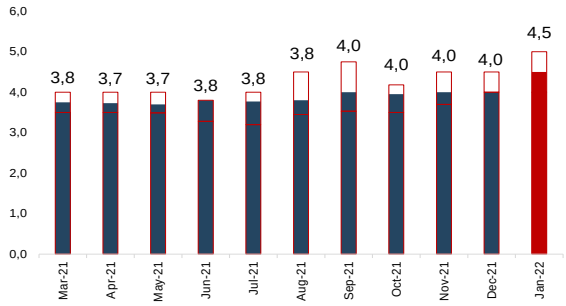
Expectations about the fourth quarter of 2021 were in a median of 9.1% *(8.0% in the previous edition),* **ranging between 8.0% and 10.08%. Expectations regarding the first quarter of 2022 growth reached 5.0%, ranging between 4.08% and 6.33%** (Graph 4).

Graph 2. 2021 GDP annual growth forecast
(Annual Change, %)



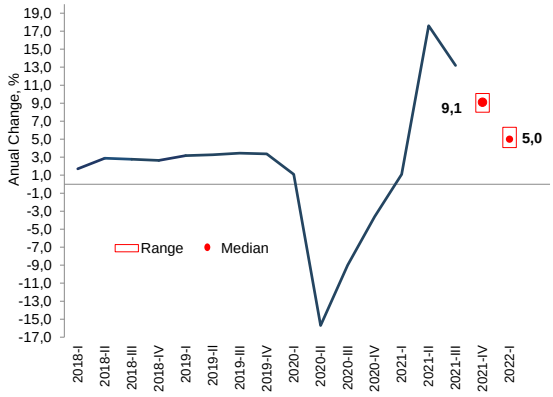
Source: Financial Opinion Survey, Fedesarrollo – BVC

Graph 3. 2022 GDP annual growth forecast
(Annual Change, %)



Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 4. GDP growth forecast – fourth quarter 2021 and first quarter 2022
(Annual Change)



Source: Financial Opinion Survey, Fedesarrollo - BVC

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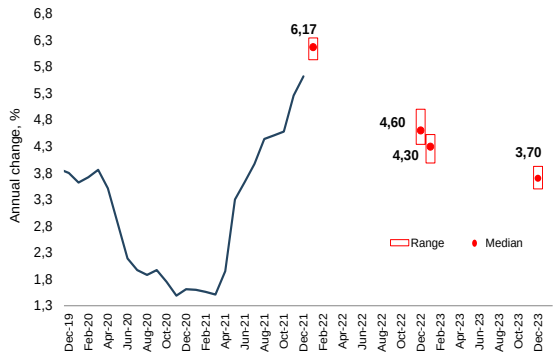
Bolsa de Valores de Colombia

INFLATION

In December, the annual inflation reached 5.62%, higher than the analysts forecast in the previous edition (5.29%). **In January, the analysts believe that inflation will reach 6.17%** (Graph 5)**. It is highlighted that the current expectations are above the target range (2.0% to 4.0%) of the Central Bank** (Graph 6).

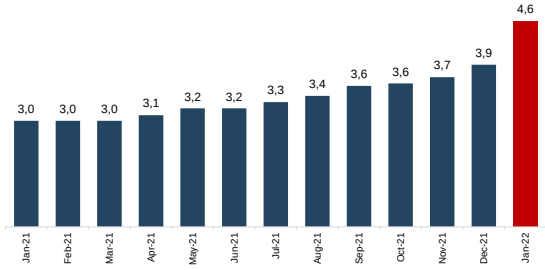
On the other hand, **the experts foresee that the inflation at the end of 2022 will reach the value of 4,6%.** This means that the prediction made at this edition is higher than the ones made on the previous months (Graph 6).

Graph 5. Inflation forecast



Source: Financial Opinion Survey, Fedesarrollo - BVC

Graph 6. Inflation forecast - End 2022



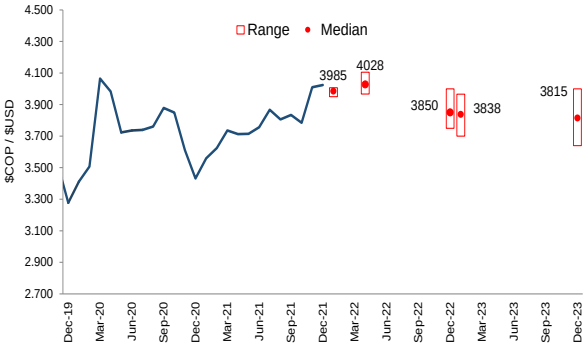
Source: Financial Opinion Survey, Fedesarrollo - BVC

EXCHANGE RATE

In December, the exchange rate closed at $ 4.023,7, with a monthly depreciation of 6.7%. On December 30 it reached a maximum value of $ 4.023,7 pesos per dollar and on December 14 it reached a minimum value of $3.886,9 pesos per dollar. **The exchange rate forecast by the end of the month ranges between $3.950 and $4.007, with $3.985 as median response** (Graph 7). Thus, it is expected that the exchange rate will close the year below the $ 4,000 pesos (Graph 8).

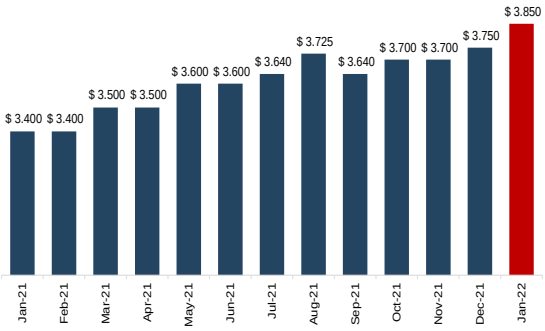
On the other hand, experts think that the exchange rate will close at 3.850 at the end of 2022, showing an increment in the previous estimations.

Graph 7. Exchange rate - end of period



Source: Financial Opinion Survey, Fedesarrollo – BVC

Graph 8. Exchange rate forecast End of 2022



Source: Financial Opinion Survey, Fedesarrollo - BVC

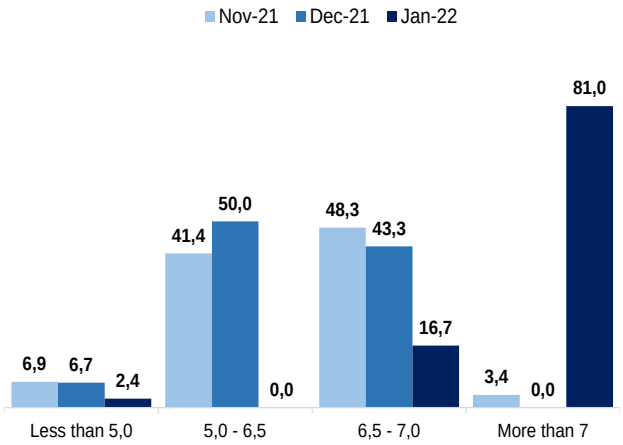
TES 2024 and 2028 RATE

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 81.0%; the 16.7% expects that it will be between 6.5% and 7.0%; meanwhile the remaining 2.4% foresee a rate below 5.0%** (Graph 9).

Regarding TES maturing in 2028, **the 92.9% of the analysts expects a rate over 8.0%; meanwhile the remaining 7.1% foresee a**

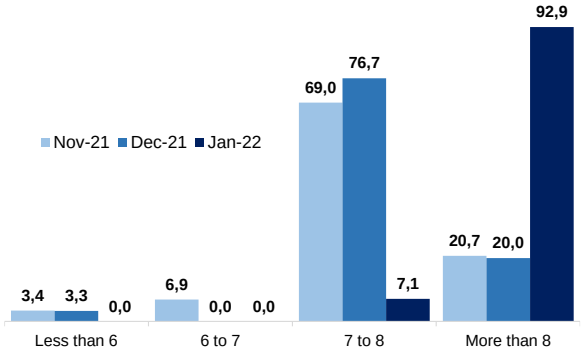
rate between 7.0% and 8.0% during the next three months. **(**Graph 10).

Graph 9. Expectation of TES 2024 performance rate for the next 3 months
(% of answers)



Source: Financial Opinion Survey, Fedesarrollo – BVC

Graph 10. Expectation of TES 2028 performance rate for the next 3 months
(% of answers)

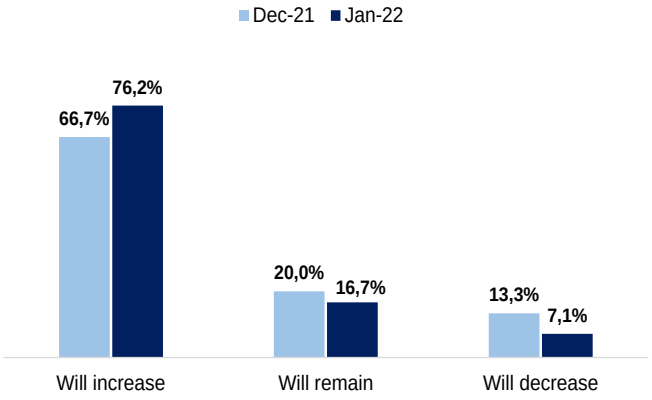


Source: Financial Opinion Survey, Fedesarrollo - BVC

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 352-bps in December. **In January, 76.19% of the analysts** *(9.52-bps more than the previous FOS)* **expects the spread to increase in the next three months, while 7.14%** *(6.19-bps less than previous FOS)* **expects it to decrease. The remaining 16.67% of the respondents expects for the spread to remain equal** *(3.33-bps less than the previous FOS)* (Graph 11).

Graph 11. Expectation 3-months debt spread
(% of answers)

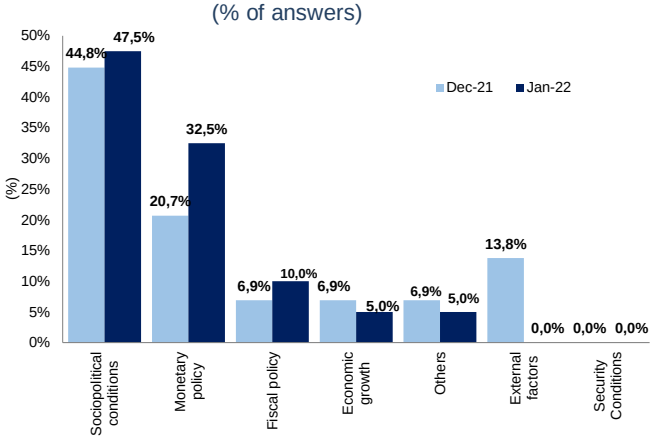


Source: Financial Opinion Survey, Fedesarrollo - BVC

INVESTMENT DETERMINANTS

In this edition, the sociopolitical conditions ranks as the most important aspect considered for investing decisions, reaching 47.5% *(44.8% in the previous month)*. Monetary policy placed second, with 32.5% *(20.7% in the previous month).* Economic growth was placed at fourth place, with 5.0%, same as external factors *(both were 6.9% in the previous month).* Other factors reached 10.00%, while security conditions and fiscal policy were no relevant for any of the investors (Graph 12).

Graph 12. Most relevant factors for investment decisions
(% of answers)



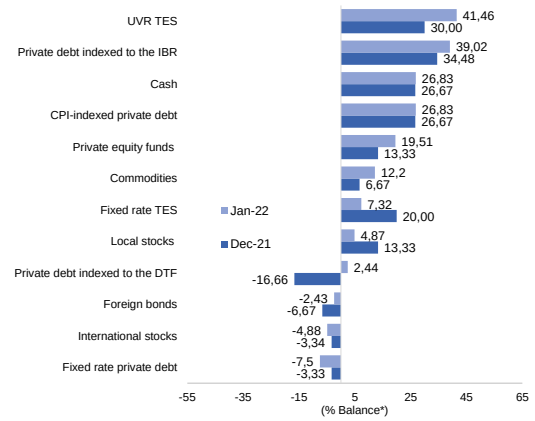
Source: Financial Opinion Survey, Fedesarrollo – BVC

INVESTMENT PREFERENCES

Compared to December, **portfolio managers increased their preferences for UVR TES, private debt indexed to the IBR, commodities, private equity funds, foreign bonds, and private debt indexed to the DTF.** In contrast, there is evidence of a deterioration in preferences for fixed rate TES, local stocks, international stocks, and fixed rate private debt (Graph 13).

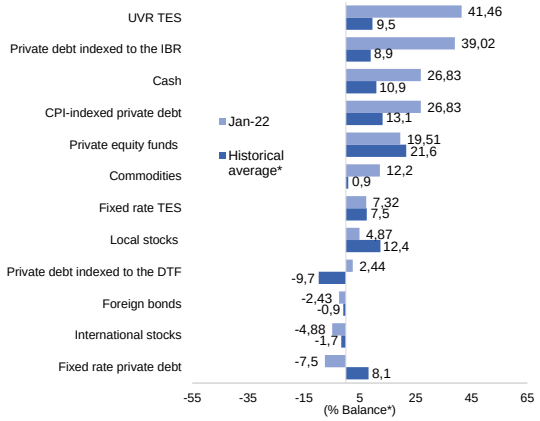
Compared to the survey's historical average, there is a greater preference for Private debt indexed to the DTF, cash, commodities, private debt indexed to the IBR, UVR TES, and CPI-indexed private debt (Graph 14).

Graph 13. 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 14. 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 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 January, the 37.0% of the analysts** (*85.1% in December*) **expects a valuation of the index during the next three months** (Table 1), while 59.3% **of the analysts expects the index to devaluate and 3.7% of them expects it to remain the same** *(11.2% and 3.7% respectively in the previous FOS).*

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

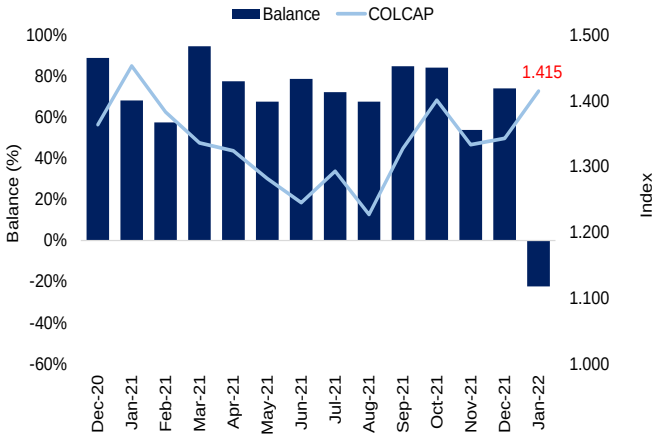
(% of answers)

Index COLCAP Price Level	Diciembre 2021	January 2022
Will increase 10% or more	29,6%	3,7%
Will increase between 5% and 9,99%	11,1%	18,5%
Will increase between 0,01% and 4,99%	44,4%	14,8%
Will remain	3,7%	3,7%
Will decrease between 0,01% and 4,99%	7,4%	40,7%
Will decrease between 5% and 9,99%	3,8%	14,8%
Will decrease between 10% or more	0,0%	3,7%

Source: Financial Opinion Survey, Fedesarrollo – BVC

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

(% of answers)



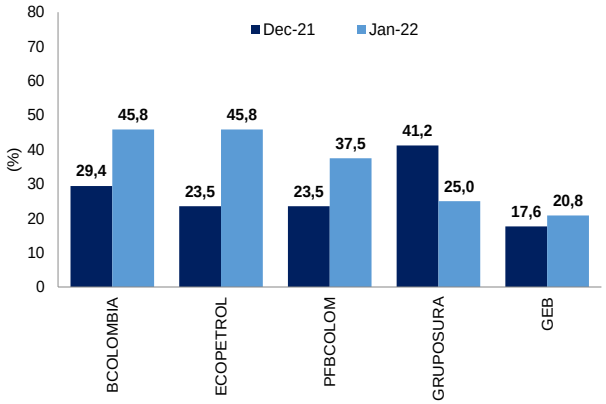
Source: Financial Opinion Survey, Fedesarrollo – BVC
* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation

MOST ATTRACTIVE COLCAP SHARES

The FOS inquires the analysts for the most attractive stocks compounding the COLCAP index. **In January, the stock of Bancolombia was ranked in the first place** with 45.8%. It was followed by the stock of Ecopetrol, the preferential stock of Bancolombia, the ordinary stock of Grupo SURA and the stock of GEB (Graph 16).

Graph 16. More attractive COLCAP stocks for investors

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

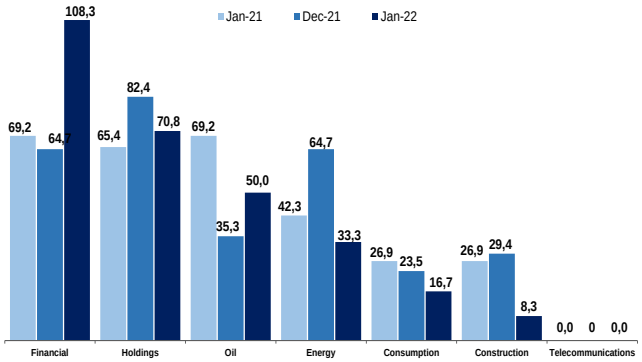


Source: Financial Opinion Survey, Fedesarrollo – BVC

Compared to the last month, there is greater appetite among respondents mainly for shares of the financial and oil sector (Graph 17).

Graph 17. Most attractive COLCAP sectors for investors

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



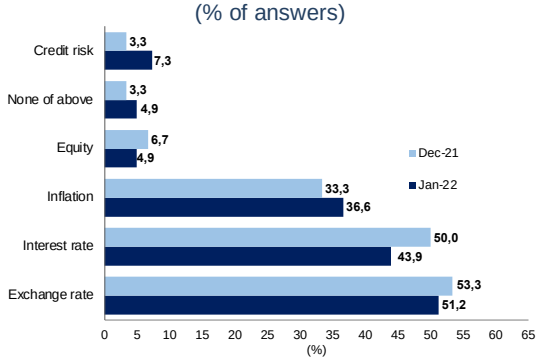
Source: Financial Opinion Survey, Fedesarrollo - BVC

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 December, 51.2% of the respondents** *(53.3% in December)* **were planning to hedge against the foreign exchange risk in the short term.** The percentage of managers who expect to hedge against the interest rate is 43.9% *(50.0% in December).*

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

(% of answers)



Source: Financial Opinion Survey, Fedesarrollo - B

Table 2. Summary of the Macroeconomic Expectations

Variable	Observed	Forecasts (Median of answers)		
	Dec-21	Ene-22	April-22	Dic-22
Inflation (Annual variation, %)	5.62	6.17		4.60
Exchange rate	$ 4,023.7	$ 3,985	$ 4,028	$ 3,838
Monetary policy interest rate (%)	3.0	3.75	4.50	5.50
	IIIQ-2021	IVQ-2021	IQ-2022	2022
Growth (%)	13.2	9.1	5.0	4.5

Source: Financial Opinion Survey - BVC

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