Stock market confidence indices
March 2025
Bulletin No. 53

At the end of February, **the MSCI COLCAP stood at 1,608**, which is 86 points above analysts' forecast (1,522). It is expected that the index will reach a level of 1,610 by the end of March.

In March, the **One-Year Confidence Index** stood at 80.8%, which represents an increase of 3.5 percentage points compared to the previous month (77.3%) and a decrease of 3.2 percentage points compared to the same month in 2024 (84.0%). This indicates that the proportion of analysts who expect the COLCAP to appreciate over the next 12 months has increased from the previous month but remains below the level from a year ago.

The **Buy-on-Dips Confidence Index** stood at 55.6% in March, reflecting a decrease of 0.7 percentage points from the previous month (56.3%) and an increase of 11.2 percentage points from the same month in 2024 (44.4%). This suggests that analysts consider it less likely for the MSCI COLCAP to rise the day after a potential drop in the index compared to February 2025, but more likely than in March 2024.

In March, the **Crash Confidence Index** stood at 61.1%, which represents a decline of 3.6 percentage points compared to the previous month (64.7%) and an increase of 14.0 percentage points compared to the same month in 2024 (47.1%). This indicates that analysts consider the market more vulnerable to declines in international markets compared to the previous month, but less so than a year ago.

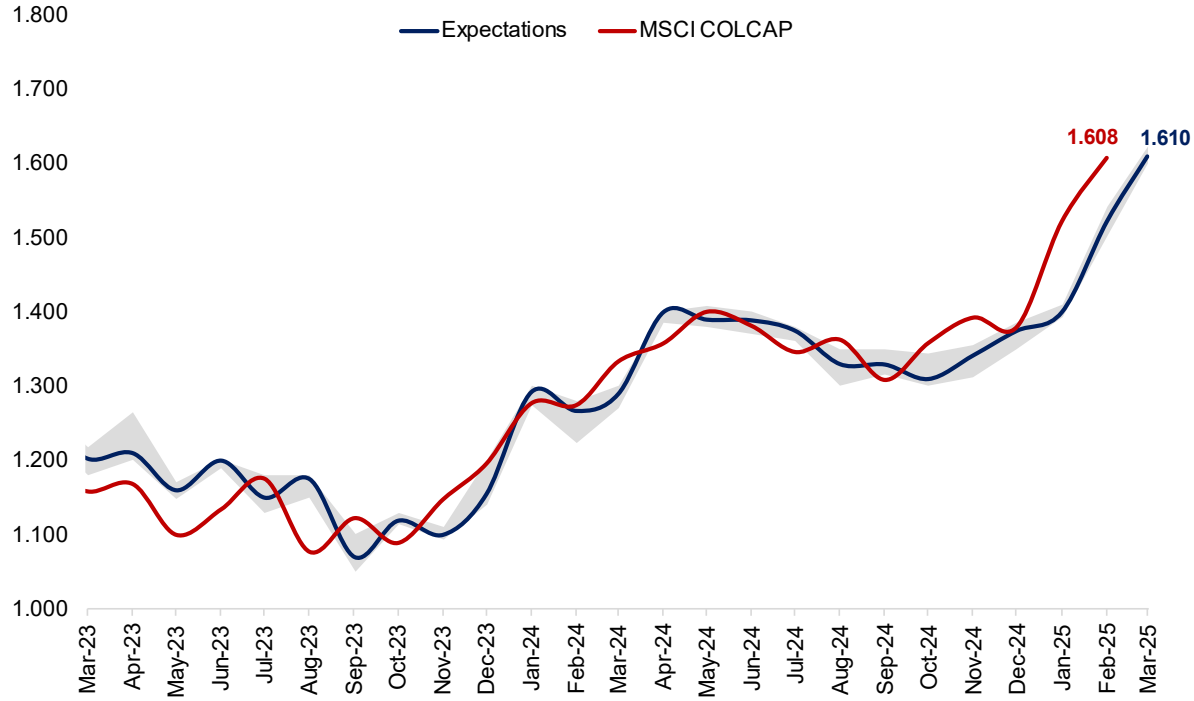
Finally, the **Valuation Confidence Index** stood at 86.8% in March, representing a decrease of 7.6 percentage points from the previous month (94.4%) and a decrease of 2.7 percentage points compared to the same month in 2024 (89.5%). This implies that a smaller proportion of analysts consider that stock prices underestimate the value of their fundamentals compared to February 2025 and March 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 markets. The average for March 2025 (up to March 17) stands at 1,596, representing an appreciation of 1.5% compared to the average of February 2025 (1,572) and a 22.5% increase compared to the average of March 2024 (1,303).

At the close of February, the MSCI COLCAP stood at 1,608, which is 86 points higher than the analysts' forecast (1,522). It is expected that by the end of March, the index will increase to 1,610 as the median response, within a range of 1,600 to 1,623 (Graph 1).

Graph 1. MSCI COLCAP Index price forecast



Source: Financial Opinion Survey, Fedesarrollo – bvc.

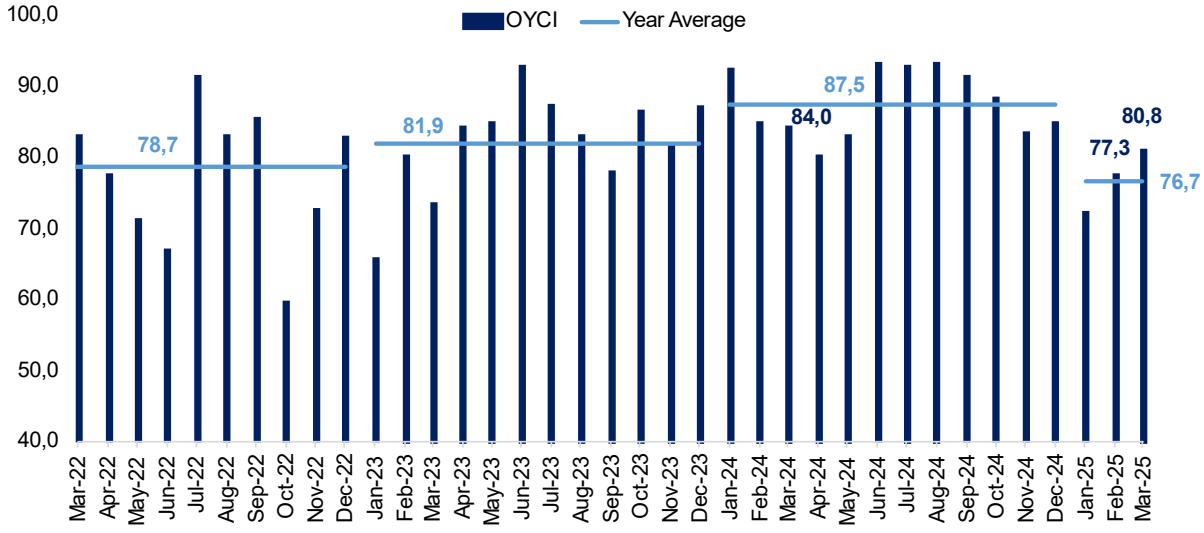
The four confidence indices for the Colombian stock market are presented down below. These indices are calculated based on the Shiller (2000)[1] methodology and using the analysts' expectations collected in the Financial Opinion Survey.

[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 80.8%, indicating that this percentage of respondents expects the index to rise by March 2026 compared to the level prior to the survey (1,611) (Graph 2). The index experienced an increase of 3.5 percentage points compared to the previous month (77.3%) and a decrease of 3.2 percentage points compared to the same month of the previous year (84.0%). This reflects an improvement in stock market confidence compared to the previous month, but it remains below the level of March 2024.

Graph 2. One-Year Confidence Index
(%)



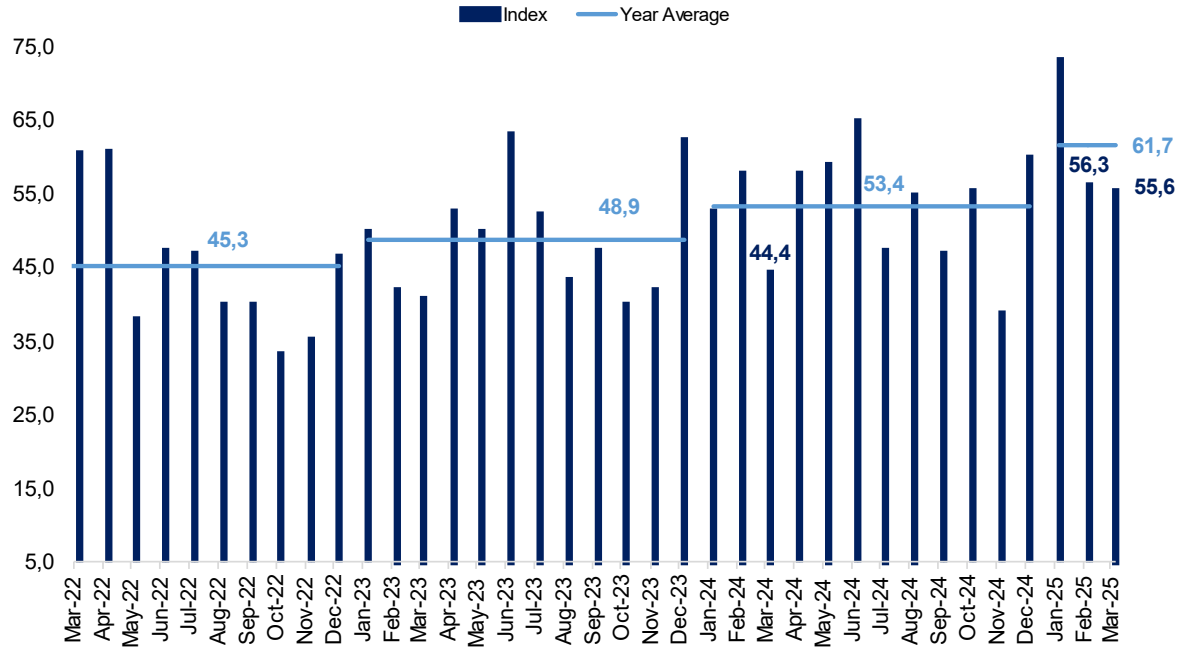
Source: Financial Opinion Survey, Fedesarrollo – bvc.

[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 March 2025, the index decreased by 0.7 percentage points compared to February (56.3%), reaching 55.6% (Graph 3). However, analysts consider an immediate recovery of the COLCAP more likely compared to the same month in 2024 (44.4%), representing an increase of 11.2 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.

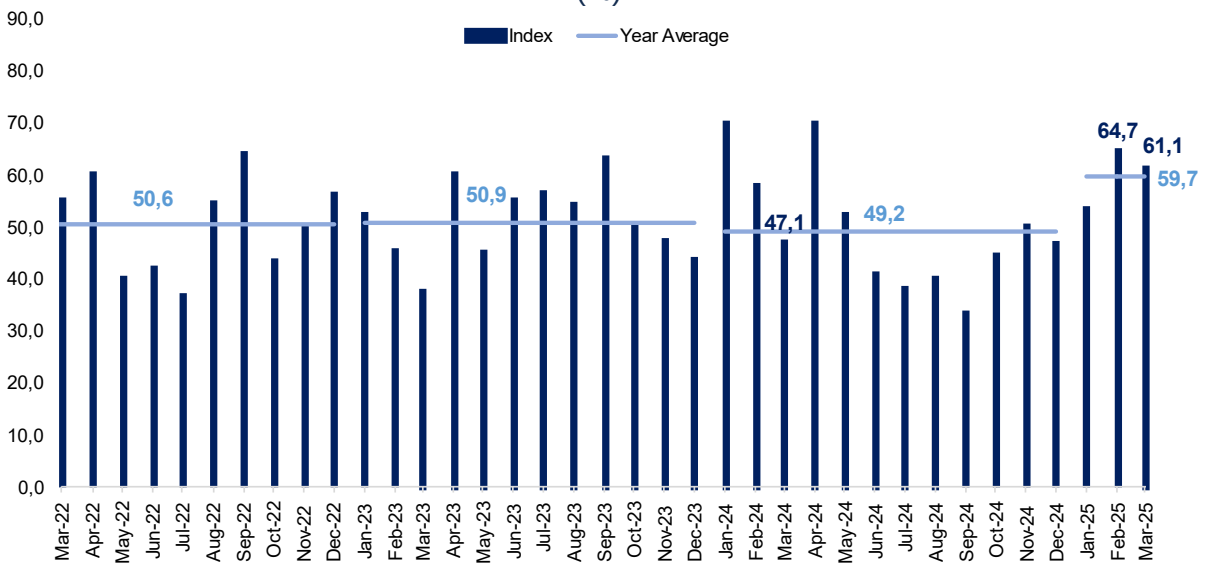
Crash Confidence Index[4]

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 March 2025, the index decreased by 3.6 percentage points compared to the previous month's result (64.7%), standing at 61.1%. This indicates that the perception of a potential decline in the local stock market due to deteriorating international markets increased compared to February 2025 (Graph 4).

On the other hand, the index was 14.0 percentage points higher than the figure recorded in the same month of the previous year (47.1%), reflecting greater confidence in the immunity of the stock market against external shocks compared to March 2024.

Graph 4. Crash Confidence Index

(%)



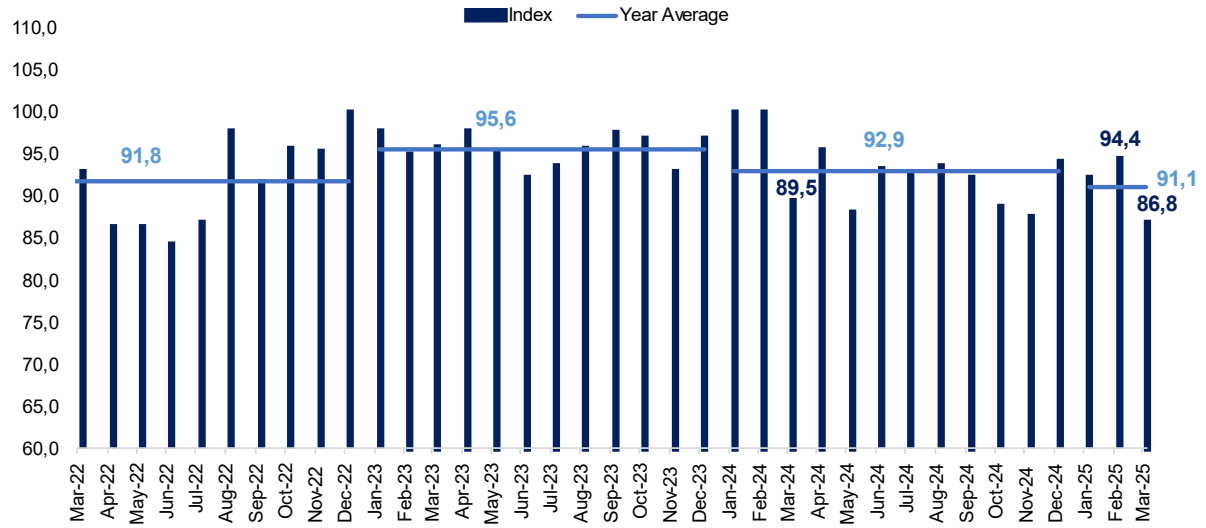
Source: Financial Opinion Survey, Fedesarrollo – bvc.

[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 March 2025, the index stood at 86.8%, which is 7.6 percentage points lower than the February figure (94.4%) and 2.7 percentage points lower than the level in March 2024 (89.5%). This indicates that, compared to the previous month and the level from a year ago, a smaller proportion of analysts believe that the stock prices underestimate the value of their fundamentals (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

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

Published March 19th, 2025
Comments to **Hugo Camilo Beltrán:** hgomez@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".