Financial Opinion Survey
August 2024
Bulletin No. 232

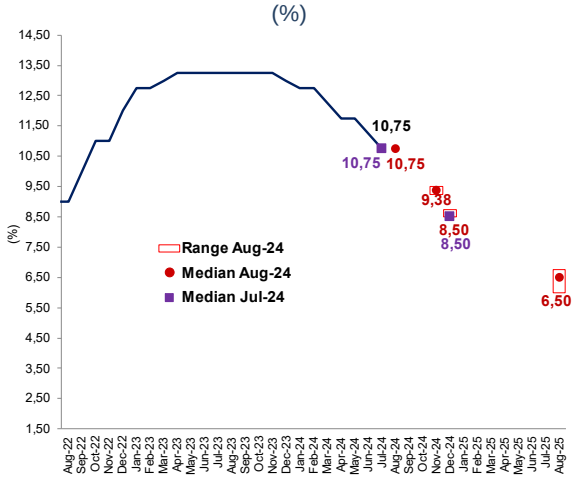
FEDESARROLLO
Centro de Investigación Económica y Social

CENTRAL BANK POLICY RATE

In July 2024, the Board of Directors of Banco de la República (Colombia´s Central Bank) decided to lower the intervention rate by 50 basis points, placing it at 10.75%, in line with analyst forecasts. The next meeting at which a decision on the interest rate will be made will be on September 30th, 2024.

In August and November, analysts expect the intervention rate to be at 10.75% and 9.38%[1], respectively. They also anticipate that the intervention rate will be at 8.50% in December 2024, same as expected in July (Graph 1).

Graph 1. Central Bank interest rate
(%)



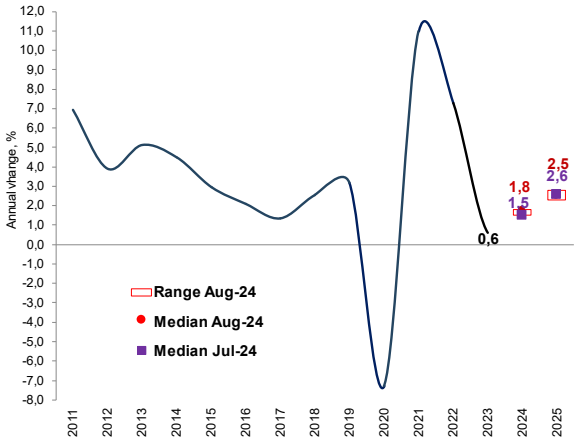
Source: Financial Opinion Survey, Fedesarrollo - bvc

ECONOMIC GROWTH

In August, the growth forecast for 2024 was in a range between 1.5% and 1.8%, with 1.8% as the median response (an increase from 1.5% in July) (Graph 2). The median for 2025 was 2.5% (a decrease from 2.6% in July), **placing it in a range between 2.3% and 2.8%.**

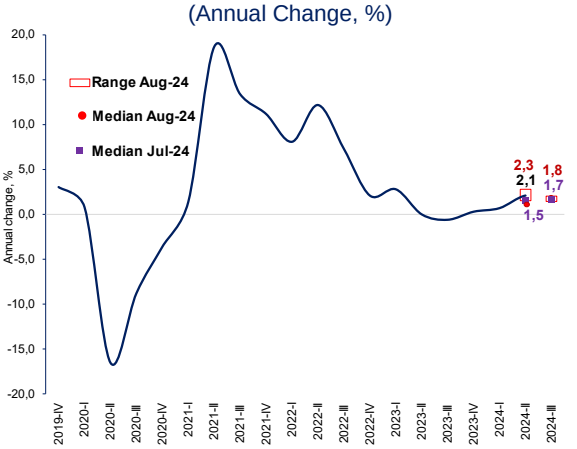
Expectations for the second quarter of 2024 growth were in a range between 1.5% and 1.8%, with 2.3% as the median response, an increase from 1.5% in July**.** This expectation was over the observed growth rate of 2,1% published by DANE. **The growth forecast for the third quarter of 2024 was at 1.8%,** an increase from July (1.7%) (Graph 3).

Graph 2. GDP annual growth forecast - 2024 and 2025
(Annual Change, %)



Source: Financial Opinion Survey, Fedesarrollo - bvc

Graph 3. GDP growth forecast - second quarter and third quarter 2024
(Annual Change, %)



Source: Financial Opinion Survey, Fedesarrollo - bvc

INFLATION

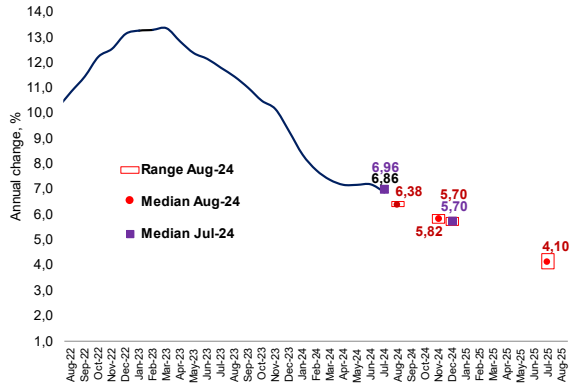
In July, annual inflation stood at 6.86%, slightly under analysts' forecast (6.96%). **In August, analysts expect inflation to be 6.38%, in a range between 6.31% and 6.50%** (Graph 4).

Analysts expect inflation to close at 5.70% in December 2024, in a range between 5.56% and 5.89% (stable compared to July),

[1] In this case, the median is calculated as the average between 9.25% and 9.50% since the number of answers was pair.

so expectations remain outside the target range of Banco de la República (2-4%). 12-month expectations (as of August 2025) are at 4.10%.

Graph 4. Inflation forecast

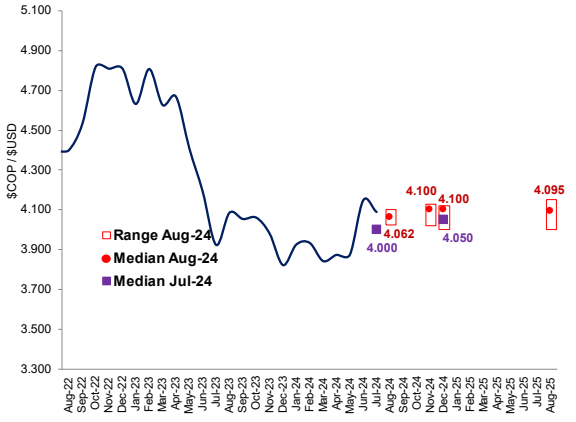


Source: Financial Opinion Survey, Fedesarrollo - bvc

EXCHANGE RATE

In July, the exchange rate closed at $4,089, with a monthly appreciation of 1.4%, reaching its maximum value for the month on July 3rd ($4,130) and its minimum value on July 13th ($3,945). Thus, the observed value was $89 higher than expected in the July survey ($4,000). **In August, analysts consider that the exchange rate will be in a range between $4,024 and $4,100, with $4,062 as the median response** (Graph 5). **By the end of 2024, they expect a rate of $4,100**, which is a slight increase compared to the previous month's forecast ($4,050).

Graph 5. Exchange rate - end of period

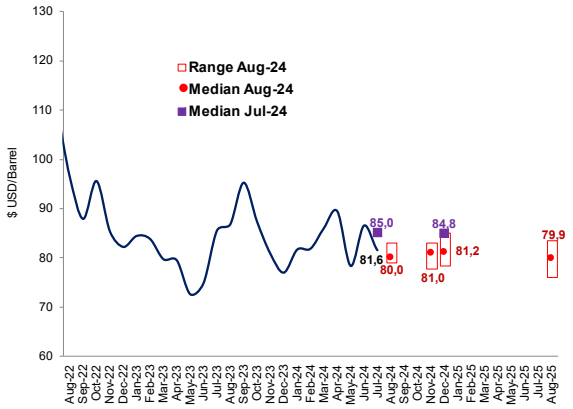


Source: Financial Opinion Survey, Fedesarrollo – bvc

OIL

In July, Brent oil prices closed at $81.6 dollars, showing a monthly fall of 5.8% and $3.4 dollars lower than analysts' expectations ($85). **In August, analysts consider that oil prices will be in a range between $79 and $83, with $80 as the median response** (Graph 6). **By the end of 2024, they expect a price of $81.2** (an increase decrease from $84.8 in the July edition).

Graph 6. Brent oil prices - End of period



Source: Financial Opinion Survey, Fedesarrollo – bvc

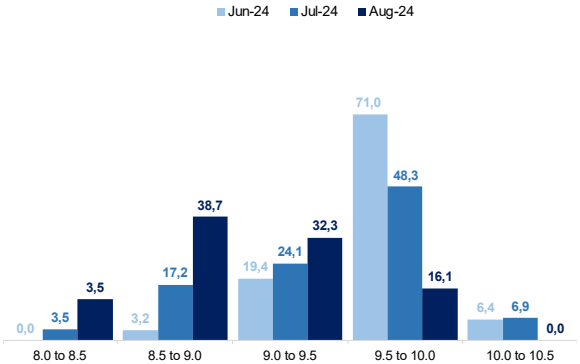
TES 2028 and 2032 RATE

In this edition, **12.9% of analysts believe that the TES rate maturing in 2028 will be between 8.0%-8.5% in three months; 38.7% between 8.5%-9.0%; 32.3% between 9.0%-9.5% and 16.1% between 9.5%-10.0%** (Graph 7).

For TES maturing in 2032, **3.2% of analysts project its yield to be less than 9%; 22.6% project it to be between 9.0%-9.5%; 38.7% between 9.5%-10.0%; 32.3% between 10.0%-10.5%; 3.2% between 10.5%-11%** (Graph 8).

Graph 7. Expectation of TES 2028 performance rate within 3 months

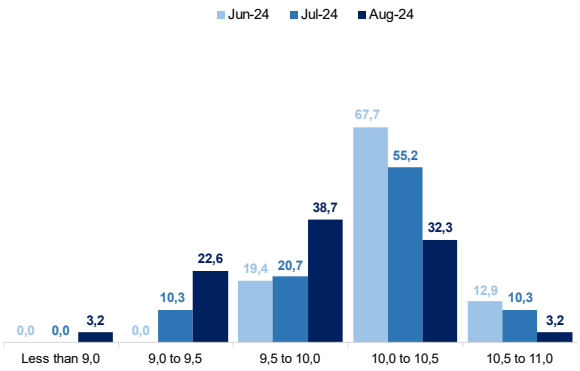
(% of answers)



Source: Financial Opinion Survey, Fedesarrollo – bvc

[1] The debt spread (EMBIG Colombia) is defined as the difference between the yield of Colombian bonds issued abroad and the yield of American treasury securities.

Graph 8. Expectation of TES 2032 performance rate within 3 months
(% of answers)

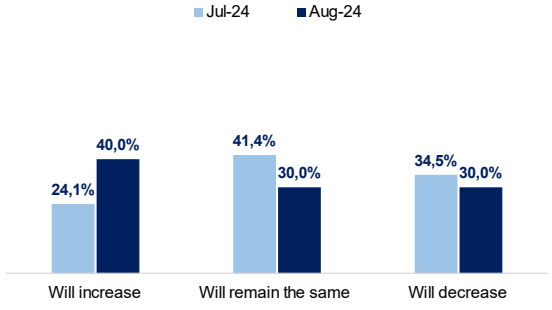


Source: Financial Opinion Survey, Fedesarrollo - bvc

DEBT SPREAD – COLOMBIA EMBIG

The debt spread (EMBIG Colombia)[2] closed in July at 315 basis points (10 basis points more than July). **In August, 40% of analysts** (15.9 percentage points more than the previous month) **expect the spread to increase in the next 3 months, while 30%** (4.5 percentage points less than the previous month) **expect it to decrease. The remaining 30% of respondents expect the spread to remain the same** (11.4 percentage points less than the previous month) (Graph 9).

Graph 9. 3-month debt spread expectation
(% of answers)

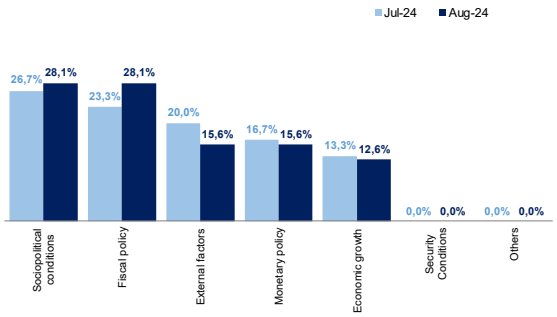


Source: Financial Opinion Survey, Fedesarrollo - bvc

INVESTMENT DETERMINANTS

In this edition, socio-political conditions and fiscal policy were shown as the most relevant aspect when it comes to investing, being chosen by 28.1% of analysts each (vs. 26.7% and 23.3% respectively, the previous month). External factors and Monetary Policy came in second place with 15.6% of participation each (vs. 20.0% and 16.7% the previous month, respectively). Economic growth followed with 12.6% of the share, respectively (vs. 13.3% the previous month) (Graph 10).

Graph 10. Most relevant factors for investment decisions
(% of answers)

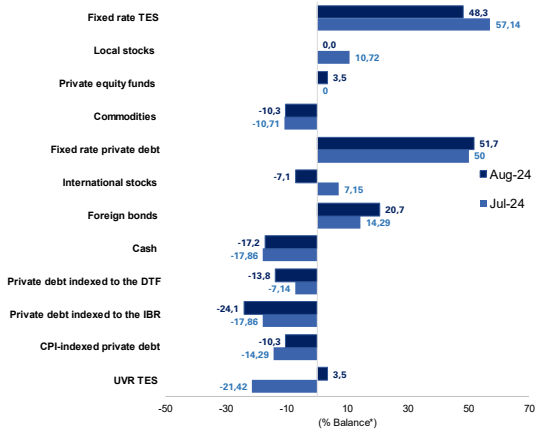


Source: Financial Opinion Survey, Fedesarrollo – bvc

INVESTMENT PREFERENCES

Compared to July, **portfolio managers increased their preferences for UVR TES, CPI indexed and fixed-rate private debt, cash, international bonds, commodities and private equity funds.** On the other hand, there was a decrease in preferences for DTF and IBR indexed private debt, local and international stock and fixed-rate TES (Graph 11).

Graph 11. 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

[2] The debt spread (EMBIG Colombia) is defined as the difference between the yield on Colombian securities issued abroad and the yield on U.S. treasury securities.

MSCI COLCAP

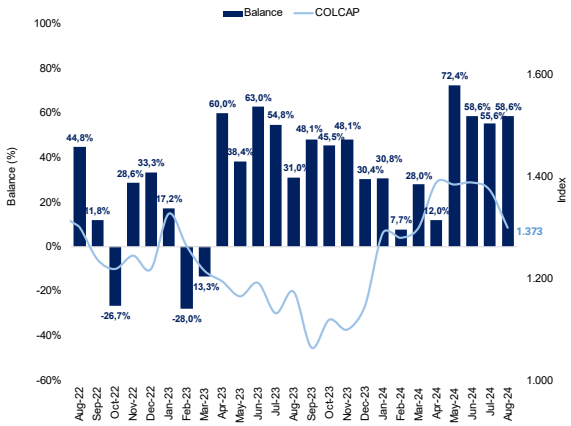
The MSCI COLCAP reflects changes in the prices of the most liquid stocks on the Colombian Stock Exchange (bvc). **In August, 79.4% of analysts** (vs. 77.8% in July) **expect the index to appreciate in three months** (Table 1), **while the remaining 20.6% expect the stock index to devalue** (vs. 22.2% in July).

Table 1. Expectations about the MSCI COLCAP index price at 3 months
(% of answers)

Index COLCAP Price Level	July 2024	August 2024
Will increase 10% or more	0,0%	10,5%
Will increase between 5% and 9.99%	11,1%	24,1%
Will increase between 0.01% and 4.99	66,7%	44,8%
Will remain the same	0,0%	0,0%
Will decrease between 0.01% and 4.99	14,8%	17,2%
Will decrease between 5% and 9.99%	7,4%	3,4%
Will decrease between 10% or more	0,0%	0,0%

Source: Financial Opinion Survey, Fedesarrollo – bvc

Graph 12. Balance on the price of the MSCI COLCAP index 3 months*
(% of answers)

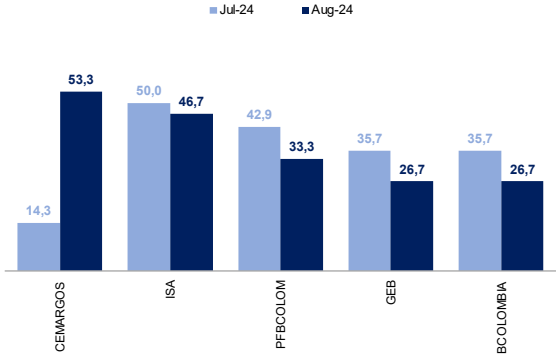


Source: Financial Opinion Survey, Fedesarrollo – bvc
* Balance: % of respondents expecting a valuation minus % of respondents expecting a devaluation. The calculations use the index corresponding to the day on which the FOS was enabled.

MOST ATTRACTIVE COLCAP SHARES

The FOS consults analysts about the three stocks they consider most attractive within the MSCI COLCAP index. **In August, the stock of Grupo Argos ranked first, being selected by 53.3% of analysts** (Graph 13). It was followed by ISA, the preferential shares of Bancolombia, Grupo de Energía de Bogotá (GEB) and the common shares of Bancolombia, being selected by 46.7%, 33.3%, 26.7% and 26.7% of analysts, each.

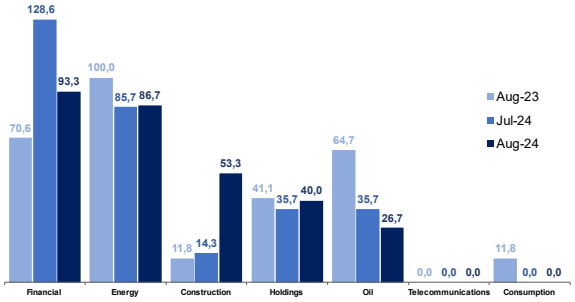
Graph 13. Most attractive MSCI COLCAP stocks for investors
(% of the respondents who consider the stock as one of the three more attractive)



Source: Financial Opinion Survey, Fedesarrollo – bvc

This month there was a greater appetite for shares in the **construction, holdings and energy sectors** compared to the previous month, and a lesser appetite for shares in the financial and oil sectors (Graph 14).

Graph 14. 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 asks portfolio managers about the types of risk for which they plan to hedge against in the next three months. **In August, 46.7% of respondents** (60.7% in July) **stated that they are planning to hedge against the exchange rate in the short term** (Graph 15). **In second place, the percentage of managers expecting to hedge against the interest rate was 36.7% while against inflation it stood at 6.7%** (42.9% and 7.1% in July, respectively).

Source: Financial Opinion Survey, Fedesarrollo – bvc

Graph 15. Coverage of the different types of risks for the next 3 months
(% of answers)

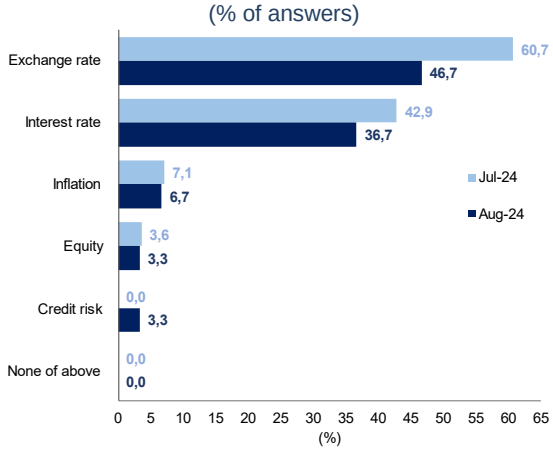


Table 2. Summary of macroeconomic expectations

Variable	Temporality	Observed	Forecast (Median of answers)	
		Jul-24	Jul-24	Aug-24
Inflation (Annual variation, %)	End of month	6.86	6.96	6.38
	End of year 2024		5.70	5.70
Exchange rate ($)	End of month	4,089	4,000	4,062
	End of year 2024		4,050	4,000
Monetary policy interest rate (%)	End of month	10.75	10.75	10.75
	End of year 2024		8.50	8.50
Oil (Brent, $USD/Barrel)	End of month	81.6	85.0	80.0
	End of year 2024		84.8	81.2
Growth (%)*	IT-2024	2.1	1.5	2.3
	IIT-2024		1.7	1.8
	2024		1.5	1.8
	2025		2.6	2.5

Source: Financial Opinion Survey – bvc
*Original series.

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