Basic Indicators of Colombian Stock Market Development

Issue No. 28 AUTHOR OR EDITOR Jorge Mario Uribe

Recent months have seen a much larger influx of funds into the Colombian stock market. For example, pension fund mangers (PFM) added Col$5.84 trillion (t) to their stock market investments between 2002 and 2006 (Financial Market Superintendent, 2007), and foreign portfolio investments (short and long term) are up by US$1.213 million (m) (Banco de la República, 2007), with a major portion going to the stock market. This has sparked some important changes in the price of paper traded on that market, which means more risk. However, it also represents an opportunity to empower capital-market development. A stock market that is more profound offers new possibilities for financial-sector development and economic growth in general.

This situation obliges us to look at some of the indicators of stock market development (size, liquidity, concentration, risk, integration and efficiency) and to compare them to the international level. The principal findings for 2006 are summarized in the tables included in this article (Tables 1, 2 and 3).

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