# Financial Markets Report – First Quarter of 2026

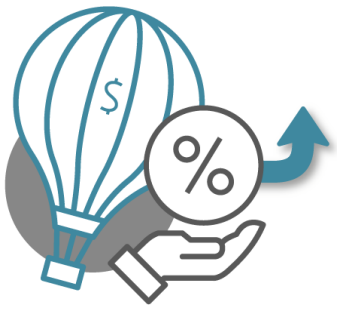
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The main purpose of these documents is to provide quarterly information on financial markets. Opinions and possible errors are the sole responsibility of the author and their contents do not compromise the Board of Directors of *Banco de la República* (the Central Bank of Colombia, Banrep).

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During the first quarter of 2026 (1Q26), international financial markets experienced a significant increase in global uncertainty, particularly in March, associated with the conflict in the Middle East. This environment led to higher global inflation expectations, tighter financial conditions, and a deterioration of economic growth prospects.

See the report (only in Spanish)

Publication Date: Friday, 29 of May 2026 Global inflation and interest rates remained elevated amid a more cautious stance by central banks.

- Inflation rebounded in major developed economies and remained above their central banks' targets.
- Markets revised their interest rate expectations upward.
- Capital flows to emerging economies weakened toward the end of the quarter, in line with the increase in




Colombia's macroeconomic and financial environment continues to be shaped by a context of inflationary and fiscal pressures.

- Inflation increased vis-a-vis the previous quarter and remained above the Central Bank's target.
- The Bank increased its monetary policy rate to 11.25%.
- Inflation and interest rate expectations continued on an upward trend.
- Colombia's sovereign risk premium remains elevated vis-a-vis its regional peers.
- Risks associated with inflation and the external environment persist.
- Looking ahead, the most important factors for the performance of local markets will be the trajectory of fiscal metrics, the monetary policy stance, and political developments.



Debt markets reflected higher inflation and interest rate expectations, alongside increased risk aversion and fiscal concerns.

- Globally, sovereign debt yields increased.
- In Latin America, sovereign bonds posted losses amid lower risk appetite.
- In Colombia, TES (Colombian government bonds) experienced sharper price declines than in the rest of the region.
- This performance reflected higher inflation expectations and worsening fiscal conditions.

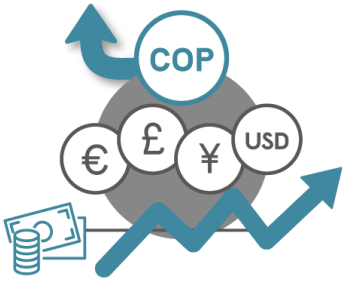
igher volatility were observed in the local market.




The Colombian peso (COP) appreciated, although in a context of lower market liquidity and heightened volatility in the FX derivatives market.

- The U.S. dollar strengthened as a global safe-haven asset toward the end of the quarter.
- The COP appreciated vis-a-vis the U.S. dollar and outperformed most regional peers.
- The appreciation was supported by external and idiosyncratic factors, including still-attractive interest rate differentials, higher oil prices (particularly in March), and domestic political developments.
- Foreign exchange market liquidity deteriorated.
- The FX derivatives market experienced episodes of heightened volatility and distortions in price formation

ations in U.S. dollar holdings from the financial sector.




Stock markets showed mixed performance in a more volatile global environment.

- Declines were recorded in the United States, particularly in technology.
- In Latin America, equity markets posted gains during most of the quarter.
- Toward the end of the quarter, corrections were observed in line with high global uncertainty.
- In Colombia, the MSCI Colcap  Index maintained its upward trend, supported by portfolio inflows.



Index of Boxes in the Report


- Box 1: *Characterization of Indicators for Carry Trade Strategies in major Latin American Investment Currencies in the recent Period*
- Box 2: *Financial Market Stress Index for Colombia and Selected Regional Economies*


1 ? The MSCI Colcap Index is a Colombian stock market index calculated by Morgan Stanley Capital International (MSCI), which tracks the performance of the 20 issuers and the 25 most liquid stocks in the country.

Fuente: https://d1b4gd4m8561gs.cloudfront.net/en/publications-research/financial-markets-report/first-quarter-2026