Keep in mind

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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Banco de la República (the Central Bank of Colombia) produces information intended for decision-making and accountability processes as well as for public knowledge. In particular, the Financial Markets Report responds to the principle of public dissemination, thus contributing to the Bank's service of providing quality economic information and research.

In line with the above, this report seeks to provide the public with a general analysis of the performance and trends of domestic and international financial markets. Additionally, the report points out the main factors that explain the performance of these markets, as well as their interactions. The report also presents an overview of the main changes in monetary policy and central bank decisions worldwide.

During the third quarter of 2017 (3Q17), international financial markets were mainly influenced by: i) a favorable macroeconomic context; ii) the change in expectations regarding monetary policy in developed economies; iii) the uncertainty caused by geopolitical events; and iv) the favorable dynamics of some industrial and energy commodities. In this context, the US dollar weakened and the public debt market depreciated, while its stock markets continued to record favorable dynamics. The markets in the region performed heterogeneously, influenced by the dynamics in the price of some commodities and idiosyncratic political events. In Colombia, depreciations were observed in the fixed-income markets, while the stock market lost the dynamism observed in the previous quarter.

The document is divided into nine sections, with this introduction being the first. Section two presents an executive summary of the document. Section three describes the most significant developments in the international economic environment. Subsequently, section four presents the performance of the main local risk perception indicators. Section five describes the global and local foreign exchange market. Section six presents an analysis of the money and fixed-income global and local markets. In addition, section seven describes the performance of the local primary private debt market. Section eight analyzes the performance of regional and local stock markets. Finally, a study of companies with currency mismatches, their use of derivatives, their financial health, and the credit risk they faced in 2014, 2015, and 2016 is presented.