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Banco de la República (the Central Bank of Colombia) produces information for decision-making, accountability, and public dissemination. Particularly, the Financial Markets Report is framed within the principle of public dissemination and contributes to the Bank's service of providing quality economic information and research.

In line with the above, this report aims to provide the public with a general analysis of the behavior and trends of domestic and international financial markets. Additionally, the report highlights the key factors

that elucidate the behavior of these markets, along with their interactions. The report also provides a description of the main changes in monetary policy and central bank decisions worldwide.

Throughout the first quarter of 2020 (1Q20), there was significant volatility in the international financial markets. During the first half of the quarter, they reported a good performance due to increased optimism regarding trade relations between the US and China after both nations signed a Phase 1 trade agreement. However, China announced the existence of a new virus which spread worldwide, influencing the markets for the remainder of the quarter mainly by: i) fears of a global recession resulting from the isolation measures taken by authorities to contain the spread of the virus; ii) unprecedented stimulus measures announced by most monetary and fiscal authorities; and iii) the sharp decline in commodity prices, particularly oil, as a result of a combination of reduced global demand and increased supply.

During this period, the US dollar strengthened broadly against the currencies of both developed and emerging countries, reflecting increased global risk perception. The currencies of countries of the region depreciated, in line with global dollar dynamics and their determinants, as well as the decline in commodity prices, reduced risky assets appetite, and some idiosyncratic factors in each country. In Colombia, the peso behaved in line with its counterparts in the region, while public debt and the stock markets depreciated.

This edition of the document is divided into eight sections, with this introduction being the first. Section two provides an executive summary of the document. Section three presents a description of the most significant events in the international economic environment. Subsequently, section four outlines the behavior of key risk perception indicators at the local level. Section five describes the global and local foreign exchange markets. Section six offers an analysis of the global and local money and fixed income markets. Additionally, section seven describes the performance of the local primary private debt market. Finally, section eight analyzes the behavior of the stock markets at both regional and local levels.