

THE SCENARIOS ACCORDING TO BANOR SIM

## Opportunities at Piazza Affari

Despite the uncertainty, there are opportunities



2019 has been a positive year for the Milan Stock Exchange

What will 2020 at Piazza Affari be like? The Milan-based listing has come a long way in 2019, but for operators there is still some way to go. “Financial securities, those linked to the auto industry, energy and those more closely linked to the industrial sector, have done well in recent months and could continue to grow, after they failed to perform in the first part of the year”, said Luca Riboldi,

Director of Investments at Banor SIM. Yet all eyes are on growth, and the fear is that a slowdown is on the horizon. “To date, there is much uncertainty surrounding the economic trend for the next 12 months”, explained the expert. “The consensus is still for rather modest growth in Europe, around 0.6-0.7%”. The Milan market is not short on opportunities.

“Looking to 2020, the oil sector and services for the oil industry are dealing with valuations much lower than the historical average due to the race towards renewable energy, which has had a negative impact on traditional energy securities”, confirmed Luca Riboldi. “Shares in the renewable energy sector on the other hand, now have very high valuations”, he added.

Banks are at the forefront of experts’ preferences. “For nine years bank securities have achieved much lower performances than those of the main stock markets, but they recorded a positive trend reversal in the last part of this year”, explained Luca Riboldi. “If the economic situation does not suffer further and stabilises, the banks could continue to grow,

thanks to cost-cutting and the possible drive towards consolidation at European level”. But financial securities are not the only target. “It will also be interesting to watch certain small- and mid-cap companies that were penalised, as well as some sectors linked to retail, which had succumbed to competition from e-commerce, now that the loss of market shares from

offline to online is decreasing”, said the expert. “As regards blue chip stocks, we believe that luxury securities and asset managers are trading at relatively high volumes compared to the past, and we do not foresee there being additional margins for much expansion in the next 12 months”, he concluded.

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