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**Banor: knowing how to grasp
opportunities to buy**

The downwards trend seen recently in the markets might initially develop into a bounce, between now and the end of the year, to then retrace its path in 2019. In the view of Banor SIM, there are two reasons for the fall in global stock markets: the considerably overvalued growth stocks component and the end of the supportive monetary policy, i.e. the European Central Bank's quantitative easing.

"Given this picture, we think that for investors in shares with a sufficiently long time horizon (three to five years) there will be excellent buying opportunities in European large caps and in some emerging markets in the course of 2019", says Luca Riboldi, Head of Investment at Banor SIM. "As regards the bond markets, however, we feel that the best opportunities will come from high-quality American securities, while high-yield products are best avoided. Some bond markets in emerging countries could also turn out to be interesting". Banor's expert feels, however, that investors would be wise to keep a fairly high liquidity component that they can be use in times when uncertainty dominates the markets to grasp any opportunities to buy.

"There's a great unknown with respect to Italy. In terms of valuations, historically speaking it has a blue chip market, especially for domestic securities. But at the same time it presents a very high degree of political risk", observes Riboldi. "Right now our country is experiencing very low visibility but if the political situation were to calm down, for reasons that at the moment are difficult to envisage but always possible, it would offer really great opportunities. The return on 10-year Italian bonds is currently 300 basis points higher than for the German bund. We need more visibility through political credibility. If we were to achieve that, investors -- institutional or small private investors -- could happily re-invest in euro at interesting yields and with extremely favourable tax rates (gains are taxed at just 12.5%)".

According to Riboldi, Italian equity is also an excellent buying opportunity precisely as an effect, as mentioned earlier, of the low valuations of many companies in the Milan Stock Exchange listings.