

IN 2008 THE COLLAPSE OF AN AMERICAN BUSINESS BANK TRIGGERED THE GLOBAL FINANCIAL CRISIS

# In Piazza Affari the FTSE MIB rises to 24,861 Back to pre-Lehman Brothers levels

But the listing composition has changed: Banks are now much less important

**GIANLUCA PAOLUCCI**  
Piazza Affari leaves the Global Financial Crisis behind and returns to pre-Lehman Brothers levels. Perhaps. FTSE MIB levels of 2008 were seen during yesterday's session. Meanwhile, BOT (Italian treasury bills) yields are below zero and the yield spread is back to the levels of May 2018. Even though any enthusiasm may well be premature, as operators interviewed by La Stampa explained. There is the unknown Coronavirus variable, which has set aside the trade war between USA and China but only temporarily. Piazza Affari is running, falling in line with the rest of Europe. "But I believe that much depends on the prospects - said Francesco Castelli of Banor Capital - It is true that we are back to pre-Lehman levels, but it is also true that the peak in Piazza Affari was reached in 2007, and we are still 45% short ... This is how I see it: we are still at the level of 2009 and half the levels of 2007, which correctly reflects the fact that the Italian economy has definitively lost 10% of GDP along the way". I see big differences between the FTSE-MIB of 10 years ago and the current one", explained Alberto Mari, manager of the Credit Suisse Italy Equity fund. "There are companies that did well and others that have struggled. Those that did least well are, above all, the banks, while other sectors like Utilities or infrastructure have benefited. One explanation could be that

the impact of low interest rates damaged the banks' traditional model offering favourable financing opportunities in other sectors".  
And indeed the banking sector, a traditional "kingpin" of Piazza Affari, lost ground significantly. It was worth 33% of the market capitalization as of the first of January 2008 (at 195.7 billion), while today it is less than 20% at 104.5 billion. Global liquidity, massively injected by central banks, seems to have gone elsewhere, Castelli affirmed again. "Looking at the graphs" - he explains - "the dividend return total, including the ones since May 2007, when FTSE-MIB peaked, we are still under. In the same period, the global index registered +150%, while technology registered an outright +600%". In summary, he adds, "seen from abroad, we are a country with a "lost decade", liquidity has kept us (almost) afloat, while the rest of the world was growing incredibly richer".  
However, the global mood of operators is marked more with caution rather than with euphoria. According to Ariel Bezalel, head of investment strategy at Jupiter, "the fact that central banks have again started to support markets by lowering interest rates and through 'undercover' quantitative easing operations, as we had anticipated at the beginning of 2019, is a clear indication that things have not quite settled in the underlying economy".



After 12 years Piazza Affari returns to pre-Lehman Brothers levels



On the day of the Lehman crash

**24,861**

The FTSE MIB index reached a value that has never been reached again since 5/10/2008 after the Lehman bankruptcy

Are we nearing the end of a bullish cycle? "Undoubtedly" - said Mari - "this is one of the longest lasting cycles but it has also been one of the slowest recoveries in history, if you look at the rise in GDP. After the American elections which should prolong the

bullish phase, the outlook is certainly less positive". In Piazza Affari, added the manager, "the banking sector carries less weight, but it remains a determining factor and right now many are looking at MPS as a possible pawn in the aggregation game. The other driver is the macro data of an economic recovery that however to date cannot be observed in the data: there are indicators that seem to be going towards a recession"

