

FOCUS

Growth in share prices in February was characterised by three phases: continuation of growth (since mid-August) until the 15th, an adjustment phase during the next ten days and a recovery in the final three days. After having reached, on Tuesday the 15th, the new annual high of 24,211 (the highest level since August 2001), the Mib index closed the month at 23,729, up 1.3% (+3.7% compared to end-2004, +23.1% compared to mid-August 2004, the starting point of the recent phase of recovery). Mibtel showed a monthly growth rate of 1.2% (+3.6% compared to end-2004), and S&P/MIB of 1.6% (+3.1%).

The positive performance of the new indices for high standard small and mid caps launched at the end of January continued. Impacted by a cycle similar to that of the general index, All Stars, Star and TechStar closed the month with sharp growth (+4.0%, +3.3% and +10.9%, respectively), bringing their performance, compared to the end of 2004, to +10.6%, +10.8 and +17.0%. On Thursday the 17th, the All Stars and Star indices reached a new historical high, at 11,871 and 14,434, while TechStar closed the month at the new annual high of 8,182 (the highest level since May 2002). The MEX index of the Expandi Market was stable (+0.1% during the month), maintaining a growth rate of +8.6% over end-2004. Volatility is up from the moderate levels of the previous period, rising to 9.5% for the general index (Mib), 8.9% for S&P/MIB, 12.6% for All-Stars, 14.1% for Star and 14.3% for TechStar.

Driven by the growth in share prices, capitalisation rose from 599 to 608 billion Euro, reaching its highest level since April 2002. More specifically, Borsa increased from 586.4 to 594.6 billion Euro and the Nuovo Mercato from 6.8 to 7.5 billion Euro, while the Expandi Market remained stable at 5.8 billion Euro. The GDP ratio (37.5% at end-2003, 43.0% at end-2004) amounted to 43.6%.

Overall, trading in equity instruments (shares, ETF, closed-end funds, covered warrants, certificates, convertible bonds, rights and warrants) showed significant growth in contracts (+24.9%) and turnover (+10.8%) compared to January. A comparison with February 2004 shows even higher growth rates in terms of contracts (+40.9%) and turnover (+27.6%). Share trading was up sharply over January with respect to contracts (206,000 per day, +23.7%) as well as turnover (daily average of 3.61 billion Euro, +10.0%). Regarding turnover, February was the third highest month ever in the history of Borsa Italiana, after February and March 2000. In terms of contracts, it is at the best level since November 2001 and in fourteenth place overall. A comparison with February 2004 shows strong growth in contracts (+42.7%) and turnover (+25.7%). At the individual markets level, the Stock Market increased to an average of 187,000 contracts and 3.51 billion Euro a day, the Nuovo Mercato to 19,000 contracts and 101 million Euro and the Expandi Market to 420 contracts and 3.2 million Euro a day.

The IDEM market continued to record growing volumes, with over 1.6 million contracts traded and growth of 30.6% compared to the same month during 2004. The average daily volume was 80,500 standard contracts. Open interest at the end of February was equal to over 2.3 million contracts, up 42% compared to the same period in 2004 (1.6 million contracts at the end of February 2004). Stock options were the most traded product, with a daily average of 48,200 standard contracts and growth of 40.6% compared to February 2004. Stock futures recorded the highest growth with 2,600 standard contracts (+132% compared to February 2004). Even products based on the S&P/MIB index grew, with a daily average of 29,800 standard contracts (13,800 futures, 5,500 mini-futures and 10,500 options) and an increase of 13% compared to February 2004.

ETF trading continued its growth trend, establishing a new historical high both in terms of number of contracts (1,120, +28.7% over January, +198.0% over February 2004) as well as turnover (26.8 million Euro, +23.5% and +156.2%). On Monday 28 February, the new historical record for contracts traded in a single session was exceeded (1,829).

After Hours trading stable, with a daily average of 5,000 contracts (+4.4% over January, -0.2% over February 2004) and 36.2 million Euro (-10.9% over January, +7.4% over February 2004).

The recovery in securitised derivatives (covered warrant and certificates) trading continued, with the daily average number of contracts increasing to 16,100 (+11.8% over January, -2.3% over February 2004) and the turnover up substantially to 134.1 million Euro a day (+25.8% over January and +70.4% over February 2004), the highest level since December 2000 and the eight highest month ever.

Trading of fixed-income instruments increased for both Government securities as well as for bonds. Government securities recorded a daily average of 535.9 million Euro (+4.9% over January, -21.6% over February 2004), MOT (Electronic bond and government securities market) bonds recorded 49.9 million Euro (+19.8% over January, +60.1% over February 2004) and EuroMOT bonds recorded 20.0 million Euro (+49.6% over February, +4.2% over January 2004). For Government bonds, this is the highest value since May 2004, for MOT bonds since April 2000 and for EuroMOT bonds since January 2004 (fourth highest month ever).

In February, the stock exchange list was increased by the new listing of IGD (Friday the 11th, segment SBO1) on the Stock Market and Mondo Home Entertainment on the Expandi Market (Monday the 28th). The total number of companies listed (278 at the end of 2004) has thus increased to 280. IGD's listing was preceded by an IPO, while that of Mondo Home Entertainment by assignment of the stock to shareholders of Mondo TV (listed on the Nuovo Mercato).

During the month, the primary market was characterised by placement of the IGD shares, aimed at listing and consisting entirely of newly issued shares for an amount equal to 35% of the free-float, which led to proceeds of 138 million Euro (15% of which subscribed by retail investors, 85% by institutional). At the same time, increases in capital were carried out by Camfin and Pirelli & C., which collected funds totalling 218.3 and 1,056.7 million Euro, with extremely low unsold portions (0.03% and 0.53%). Complete takeover bids were also carried out on Marcolin (delivered 7.8 million shares of the 21.0 requested) and Sirti (delivered 0.57 million shares of the 67.68 requested), for a value of 11.0 and 1.0 million Euro.

STOCK MARKET INDICES

	30 DEC 2004	31 JAN 2005	28 FEB 2005	Var. % MoM	Var. % on 2004 end	Var. % on Feb 2004	Volatility latest month	Volatility latest 3 months
Mib (base 2.1.1975 = 1,000)	22 886	23 414	23 729	1.3%	3.7%	17.2%	9.5%	7.0%
last Mibtel (base 3.1.1994 = 10,000)	23 534	24 091	24 392	1.2%	3.6%	17.4%	9.2%	7.8%
last S&P/MIB (base 31.12.1997 = 24,402)	30 903	31 334	31 850	1.6%	3.1%	13.9%	8.9%	7.8%
last Mib30 (base 31.12.1992) 10,000)	31 220	31 689	32 077	1.2%	2.7%	14.7%	8.9%	7.8%
last Midex (base 30.12.1994 = 10,000)	29 671	31 158	31 064	-0.3%	4.7%	17.3%	11.4%	9.7%
last All Stars (base 28.12.2001 = 10,000)	10 538	11 213	11 659	4.0%	10.6%	26.0%	12.6%	8.8%
last Star (base 28.12.2001 = 10,000)	12 769	13 700	14 152	3.3%	10.8%	30.2%	14.1%	9.8%
last TechStar (base 28.12.2001 = 10,000)	6 996	7 380	8 182	10.9%	17.0%	22.9%	14.3%	10.5%
MEX (base 3.1.1979 = 1,000)	7 841	8 511	8 518	0.1%	8.6%	17.7%	4.1%	5.9%

LISTED COMPANIES NUMBER AND CAPITALISATION

	NUMBER (end of month)			End of Month CAPITALISATION (domestic companies)					
	30 DEC 2004	31 JAN 2005	28 FEB 2005	30 DEC 2004 euro m	31 JAN 2005 euro m	28 FEB 2005 euro m	Var. % MoM	Var. % on 2004 end	Var. % on Feb 2004
Borsa	225	225	226	568 901	586 398	594 621	1.4%	4.5%	20.1%
Nuovo Mercato	40	40	40	6 674	6 827	7 489	9.7%	12.2%	-9.9%
Mercato Expandi	13	13	14	5 306	5 760	5 815	0.9%	9.6%	27.1%
Total	278	278	280	580 881	598 986	607 924	1.5%	4.7%	19.7%
<i>as % of GDP</i>				43.0%	42.9%	43.6%			

TRADING ACTIVITY

DAILY AVERAGES

	JANUARY 2005		FEBRUARY 2005		Var. % MoM		Var. % on February 2004		JAN-FEB 2005	
	Trades no	euro m	Trades no	euro m	Trades no	euro m	Trades	Turnover	Trades no	euro m
Borsa shares ⁽¹⁾	151 259	3 188.4	186 900	3 509.6	23.6%	10.1%	43.2%	25.6%	168 645	3 345.1
Nuovo Mercato shares ⁽¹⁾	15 009	92.6	18 920	100.9	26.1%	8.9%	37.9%	27.1%	16 917	96.6
Mercato Expandi shares	403	2.7	418	3.2	3.8%	18.1%	47.9%	104.3%	410	2.9
Shares Total ⁽¹⁾	166 670	3 283.7	206 238	3 613.6	23.7%	10.0%	42.7%	25.7%	185 972	3 444.6
ETFs and Open-End Funds	870	21.7	1 120	26.8	28.7%	23.5%	198.0%	156.2%	992	24.2
Securitized Derivatives ⁽¹⁾	14 366	106.6	16 055	134.1	11.8%	25.8%	-2.3%	70.4%	15 190	120.0
After Hours ⁽²⁾	4 779	40.7	4 990	36.2	4.4%	-10.9%	-0.2%	7.4%	4 887	38.4
EQUITIES TOTAL ⁽³⁾	184 330	3 423.7	230 154	3 793.9	24.9%	10.8%	40.9%	27.6%	206 683	3 604.3
MOT - Government Bonds	7 765	510.6	9 094	535.9	17.1%	4.9%	-17.6%	-21.6%	8 413	523.0
MOT - Bonds	2 693	41.7	3 188	49.9	18.4%	19.8%	42.2%	60.1%	2 934	45.7
EuroMOT - Bonds	502	13.4	720	20.0	43.4%	49.6%	-16.8%	4.2%	608	16.6
FIXED INCOME TOTAL	10 960	565.7	13 003	605.8	18.6%	7.1%	-8.0%	-17.5%	11 956	585.3
Index Futures ⁽⁴⁾	11 076	1 723.3	13 849	2 207.6	25.0%	28.1%	20.7%	38.4%	12 429	1 959.6
Index miniFutures ⁽⁴⁾	4 451	138.5	5 464	174.1	22.8%	25.8%	-5.7%	8.0%	4 945	155.9
Index Options ⁽⁴⁾	8 059	607.9	10 494	818.3	30.2%	34.6%	16.1%	32.5%	9 247	710.5
Stock Futures ⁽⁴⁾	1 966	9.4	2 550	13.9	29.7%	47.8%	131.7%	220.3%	2 251	11.6
Stock Options ⁽⁴⁾	52 704	243.5	48 158	233.5	-8.6%	-4.1%	40.6%	80.5%	50 487	238.7
EQUITY DERIVATIVES TOTAL ⁽⁴⁾	78 257	2 722.7	80 516	3 447.5	2.9%	26.6%	30.6%	37.5%	79 359	3 076.2

(1) Daily and After Hours sessions

(2) Figures already included in those of Borsa and NM shares and securitized derivatives

(3) It includes also trading of warrant, convertible bonds, right issues and closed-end funds. It doesn't include figures of participation to takeover sent through the electronic trading system.

(4) For equity derivatives number of standard contracts and notional turnover are reported.