

IBEX35

Telecinco Consolidates Position for IBEX35 Entry

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Potential Changes in the IBEX35

Candidates for Entry	Volume Traded ¹ (€mn)	Current Weighting (%)
Telecinco	2,801.3	0.78
Sacyr-Vallehermoso	781.9	0.76
Antena 3	665.1	0.59

Candidates for Exit	Volume Traded ¹ (€mn)	Current Weighting(%)
Zeltia	307.3	0.38
REE	421.2	0.68
Banesto	469.1	0.45

(1) Adjusted trading volumes from June 1 to October 31, 2004.
Source: Sociedad de Bolsas and Santander Central Hispano Bolsa.

Adjusted Monthly Volumes of Entry Candidates, Jun-Oct 2004

(€mn)	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Total (5M)
Telecinco	913.2	659.1	209.0	379.5	640.4	2,801.3
Sacyr-Valle	172.6	122.5	82.7	159.1	245.1	781.9
Antena 3	103.7	112.7	44.0	143.8	260.9	665.1
Ebro Puleva	93.4	66.7	50.9	47.8	61.9	320.7

Source: Sociedad de Bolsas and Santander Central Hispano Bolsa.

Adjusted Monthly Volumes of Exit Candidates, Jun- Oct 2004

(€mn)	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Total (5M) ¹
Zeltia	89.0	49.8	31.4	52.2	85.0	307.3
REE	96.3	83.1	65.4	81.1	95.3	421.2
Banesto	94.5	79.4	54.3	53.8	187.0	469.1
NHH	82.4	89.9	66.1	120.1	162.7	521.1

(1) Adjusted trading volumes from June 1 to October 31, 2004.
Source: Sociedad de Bolsas and Santander Central Hispano Bolsa.

After analysing the volumes traded in the past five months, we believe Telecinco (TL5) has consolidated its position as the mostly likely IBEX35 entry candidate in the December revision. The IBEX committee base its decision on the trading volumes for the six months ending November 30 and the final month's volumes will be key.

After the sharp rise in the volumes traded in October, we believe TL5's entry into the index is virtually confirmed. TL5 ranks ninth amongst Spanish stocks, considering the volumes traded in the past five months. We estimate that its weighting (adjusted for free float) would be around 0.78%.

The main candidates to enter in second position are Sacyr-Vallehermoso (SYV) and Antena 3 (A3TV). While up to three changes can be made to the index, we think the December review will bring just two at the most. In this case, we think SYV is more likely to take the second spot. The real estate company ranks 27th after a major rise in the volumes traded in the past month. Its weighting could be around 0.76%. Although A3TV's volumes rose substantially in October, we do not expect it to enter the index this time around. The stock ranks 31st, with a weighting of about 0.59%.

In our view, the main exit candidates are Zeltia, REE and Banesto. Zeltia is mostly likely to leave, while November volumes should determine the outcome for the other two.

We expect Abertis to decrease its free-float factor from 100% to 80% after recent acquisitions related to the company, while Gamesa's is likely to increase from 80% to 100%.

Following Banco Santander's right issue (1,511mn shares), the bank's index weighting should increase from 13.4% to 16.9%. Adjustments will be made on November 15 (effective November 16).

Figure 1. Ranking by Total Adjusted Volume, May-October 2004 (€mn)

Rank	Code	Company	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	Total (6M)	Total (5M)	
1	TEF	Telefónica	10,319.8	7,195.5	7,296.6	5,590.5	7,797.3	9,421.0	47,620.7	37,300.9	IBEX
2	SAN	Grupo Santander	5,955.2	4,154.5	5,110.4	3,330.5	5,449.3	6,677.5	30,677.3	24,722.1	IBEX
3	BBVA	BBVA	4,036.8	3,492.6	4,672.7	3,139.6	3,819.4	6,620.8	25,781.8	21,745.1	IBEX
4	REP	Repsol YPF	2,914.2	3,111.8	2,683.4	2,790.4	3,038.8	2,837.0	17,375.5	14,461.4	IBEX
5	ELE	Endesa	1,774.2	2,125.9	1,918.4	1,140.6	1,598.1	1,757.3	10,314.5	8,540.3	IBEX
6	IBE	Iberdrola	1,393.2	1,428.7	1,296.0	876.3	1,199.6	1,357.3	7,551.1	6,157.9	IBEX
7	ALT	Altadis	1,138.9	1,119.4	821.5	608.3	837.9	759.1	5,285.0	4,146.0	IBEX
8	POP	Banco Popular	609.8	695.6	943.3	556.9	664.8	1,275.5	4,745.8	4,136.0	IBEX
9	TL5	Telecinco	0.0	913.2	659.1	209.0	379.5	640.4	2,801.3	2,801.3	
10	SGC	Sogecable	446.7	414.0	652.4	461.5	514.9	486.3	2,975.8	2,529.1	IBEX
11	ITX	Inditex	560.0	492.1	484.1	322.3	663.2	486.4	3,008.1	2,448.1	IBEX
12	AMS	Amadeus	493.9	371.2	425.3	514.3	634.9	327.3	2,767.0	2,273.1	IBEX
13	ACX	Acerinox	403.3	487.0	442.6	309.2	252.6	353.6	2,248.4	1,845.1	IBEX
14	UNF	Unión Fenosa	322.4	288.6	284.9	265.1	356.5	304.8	1,822.2	1,499.8	IBEX
15	GAM	Gamesa	237.3	304.9	229.3	295.9	237.2	426.5	1,731.0	1,493.7	IBEX
16	ACS	ACS	334.2	315.0	275.6	268.0	314.5	263.9	1,771.2	1,437.0	IBEX
17	IBLA	Iberia	435.2	345.2	271.4	233.6	280.1	296.6	1,862.0	1,426.8	IBEX
18	LOR	Arcelor	312.1	219.2	348.6	187.7	234.2	365.6	1,667.3	1,355.2	IBEX
19	GAS	Gas Natural	323.0	419.1	260.4	173.3	205.9	285.7	1,667.4	1,344.4	IBEX
20	TEM	Telefónica Móviles	223.2	329.8	244.2	176.3	268.6	299.2	1,541.1	1,318.0	IBEX
21	ABE	Abertis	239.3	219.6	230.2	224.3	301.2	291.0	1,505.6	1,266.3	IBEX
22	FER	Ferrovial	169.8	211.3	237.6	184.1	243.7	255.6	1,302.1	1,132.2	IBEX
23	SAB	Banco Sabadell	144.9	335.9	274.8	113.9	195.7	190.1	1,255.3	1,110.4	IBEX
24	IDR	Indra	126.6	189.1	165.2	135.9	133.8	185.1	935.7	809.1	IBEX
25	ANA	Acciona	124.9	160.8	130.1	157.0	208.9	144.1	925.8	800.9	IBEX
26	BKT	Bankinter	80.8	119.2	142.9	109.0	241.7	184.5	878.1	797.3	IBEX
27	SYV	Sacyr-Vallehermo	101.1	172.6	122.5	82.7	159.1	245.1	883.0	781.9	
28	MVC	Metrovacesa	204.3	170.5	137.4	107.9	178.8	176.4	975.3	771.0	IBEX
29	JAZ	Jazztel	26.6	16.4	17.9	7.8	159.5	528.5	756.7	730.0	
30	PRS	Prisa	148.5	113.1	147.8	107.8	163.9	150.4	831.4	683.0	IBEX
31	A3TV	Antena 3	113.1	103.7	112.7	44.0	143.8	260.9	778.2	665.1	
32	FCC	FCC	137.8	155.1	114.3	100.7	165.2	114.8	787.9	650.1	IBEX
33	ENG	Enagás	141.5	134.0	120.2	72.8	162.6	123.1	754.4	612.8	IBEX
34	TPI	TPI	229.0	148.8	126.9	80.3	103.5	121.1	809.6	580.6	IBEX
35	MAP	Corp. Mapfre	162.5	127.8	87.6	100.9	126.1	103.1	708.0	545.5	IBEX
36	NHH	NH Hoteles	80.4	82.4	89.9	66.1	120.1	162.7	601.5	521.1	IBEX
37	BTO	Banesto	102.5	94.5	79.4	54.3	53.8	187.0	571.5	469.1	IBEX
38	REE	REE	110.0	96.3	83.1	65.4	81.1	95.3	531.3	421.2	IBEX
39	EVA	Ebro Puleva	75.5	93.4	66.7	50.9	47.8	61.9	396.1	320.7	
40	ZEL	Zeltia	110.3	89.0	49.8	31.4	52.2	85.0	417.7	307.3	IBEX
41	FAD	Fadesa	231.3	65.1	59.3	33.9	73.6	65.2	528.3	297.1	
42	COL	Colonial	31.6	74.8	64.2	32.1	30.4	51.8	284.8	253.2	
43	AGS	Aguas Barcelona	66.7	46.6	40.0	36.5	41.1	62.3	293.1	226.4	
44	CTF	Cortefiel	20.0	33.4	33.1	18.6	42.3	63.3	210.8	190.8	
45	LOG	Logista	9.8	12.1	27.1	59.5	34.4	27.1	170.1	160.3	
46	AVZ	Avanzit	0.0	0.0	42.5	42.5	31.1	25.6	141.8	141.8	
47	PSG	Prosegur	33.8	29.8	34.6	14.8	32.2	18.2	163.5	129.7	
48	SOL	Sol Meliá	29.2	34.4	28.4	26.8	16.3	23.2	158.3	129.1	
49	ZOT	Zardoya Otis	24.2	29.0	30.4	19.6	25.4	17.9	146.5	122.3	

Source: Sociedad de Bolsas and Santander Central Hispano Bolsa.



Figure 2. Changes in IBEX35 Weightings after Banco Santander Rights Issue

Rank	Company	Free-float	Adj Market	Weighting (%)	
		Adj (%)	Cap (mn €)	before SCH Rights Issue	after SCH Rights Issue
1	Telefónica	100	66,309.83	21.48	20.60
2	Grupo Santander	100	41,532.79	13.45	16.99
3	BBVA	100	42,656.92	13.82	13.25
4	Repsol YPF	100	20,986.64	6.80	6.52
5	Endesa	100	17,427.06	5.64	5.41
6	Iberdrola	100	15,686.96	5.08	4.87
7	Banco Popular	100	10,311.98	3.34	3.20
8	Altadis	100	8,278.44	2.68	2.57
9	Gas Natural	60	5,684.96	1.84	1.77
10	Inditex	60	7,562.24	2.45	2.35
11	Abertis	100	7,303.23	2.37	2.27
12	ACS	100	5,398.96	1.75	1.68
13	Unión Fenosa	100	5,798.05	1.88	1.80
14	Telefónica Móviles	10	3,849.86	1.25	1.20
15	Ferrovial	80	3,931.90	1.27	1.22
16	Arcelor	40	3,272.87	1.06	1.02
17	Bankinter	100	2,731.00	0.88	0.85
18	Amadeus	100	3,829.10	1.24	1.19
19	Acciona	80	2,895.34	0.94	0.90
20	Acerinox	100	729.72	0.24	0.23
21	Banco Sabadell	100	5,220.42	1.69	1.62
22	FCC	60	2,369.02	0.77	0.74
23	Iberia	100	2,201.84	0.71	0.68
24	Sogecable	80	3,318.45	1.07	1.03
25	REE	100	2,004.70	0.65	0.62
26	Corp. Mapfre	80	1,987.65	0.64	0.62
27	Metrovacesa	100	2,085.55	0.68	0.65
28	Gamesa	80	2,193.59	0.71	0.68
29	Prisa	60	2,040.21	0.66	0.63
30	ENAGAS	60	1,426.68	0.46	0.44
31	Indra	100	1,745.23	0.57	0.54
32	TPI	80	1,785.20	0.58	0.55
33	Banesto	20	1,431.71	0.46	0.44
34	Antena 3	60	1,651.68	0.53	0.51
35	NH Hoteles	100	1,123.61	0.36	0.35
Total IBEX35			308,763.38	100.00	100.00

Source: Bloomberg, Sociedad de Bolsas and Santander Central Hispano Bolsa.

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Key to Investment Codes¹

Buy	Upside of more than 20%.
Hold	Upside of 15%-20%.
Underweight	Upside of less than 15%.

(1) Target prices set from January to June are for December 31 of the current year. Target prices set from July to December are for December 31 of the following year.

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