



# FINANCIAL NEWS

Wednesday, 14 August 2013

## Why the FTSE 100 is poised for 20% leap

[Mike Foster](#)

20 Dec 2012

**The FTSE 100 index is poised for a 20% jump to 7000 after breaking through key levels of resistance on share price charts, according to Ian Williams, a veteran of 35 years in the securities markets at boutique manager Charteris Treasury Portfolio Managers.**

The money rocketing towards equity markets will be raised by bond sales, according to Williams, who uses monthly moving index averages as his chart reference point. In his research report he said: "Government and corporate bonds are hopelessly overvalued and are now starting to suffer downward breaks on the charts."

Williams' views follow a several upbeat assessments on prospects for equities. Virginie Maisonneuve, head of international equities at Schroders, said this week: "Global equities are very attractively valued and we are positive for their prospects in 2013 as the global economy normalises."

Credit ratings agency Fitch Ratings said in a research report this week it was cautious on prospects for corporate bonds on the back of tightening spreads. It said "The potential bond bubble is more sensitive to interest rate risk than credit risk for investment-grade bonds."

Fitch warned a reversion of interest rates to levels struck in 2011 could trigger a 15% loss in value for 10-year corporate bonds rated BBB and a 26% drop for those with 30-year maturities. Distressed selling could amplify losses with liquidity in corporate bonds hitting low levels. Fitch said US primary dealers have reduced their inventory by 77% since late 2007.

Ian Williams used to be a trader at banking groups Chase Manhattan, Dresdner Kleinwort and Guinness Mahon. He manages the Elite Charteris Premium Income Fund with Nick Taylor, who used to work at Morgan Grenfell and asset manager Invesco.

The fund's performance was top quartile in 2008, 2009 and 2010, although last year it fell to third quartile. So far this year it has edged into fourth quartile territory.

The performance downturn makes it important for Williams to call the market right. He has risen to the challenge: "Over the last six months we have been predicting an upside break of the FTSE 100 from its trading pattern. It looks like we have had the break we were anticipating and the next step should be a sharp upward move of approximately 20%." He said the German Dax index was close to breaking out.

Williams added the smart money had started to move out of bonds: "The terms for switching bonds into equities are around the best since the 1950s and we expect to see the trickle turn into a flood in the first quarter."

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