

For immediate release
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SCHWAB CONFIDENCE INDEX: FTSE 100 WILL NOT RECOVER BEFORE NOVEMBER

- Prospect of conflict over Iraq divides investors, but most continue to trade
 - Buy to sell ratio is one of the highest ever

A new index of private investor confidence produced by Charles Schwab Europe indicates that the FTSE 100 will remain at current levels until at least November 2002. Active investors with Schwab said they thought the benchmark index will be 4078 by the end of November but that it will recover to 4616 by the end of August 2003.

The Schwab Confidence Index is a monthly poll of FTSE predictions amongst the company's most active traders, released now for the first time. In addition it polls investors on their trading activity and the impact of topical issues. When asked about the prospects of war, investors were divided:

- nearly a third (29%) questioned are factoring the Iraq situation into their investment decisions,
- almost one in five (17%) is continuing to trade regardless and
- close to a quarter (22%) are not making investment decisions until the situation is clearer.

Overall, the Index showed that:

- Private investors are still trading stock at the moment: 61% are buying or buying *and* selling; 19% are selling and 20% waiting for more stability.
- Aside from the war issue, most investors (68%) base their stock picking on company fundamentals and just a quarter (24%) is driven by market sentiment.
- The poll comes at a time when the buy to sell ratio amongst all investors at Schwab is one of the highest ever, at 1.8 : 1. This is higher than during in the peak of the investment boom in technology and internet stocks.

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Nigel Reynolds, director of capital markets at Charles Schwab Europe, said: "This is a market which is currently driven more by sentiment than fundamentals and it's misleading for stock pickers. Providing the fundamentals are accurate and providing investors can hold their nerve in the face of accounting scandals, investors trading on fundamentals to buy value have a much better chance than someone who trades on sentiment and follows the herd. In many ways private investor sentiment is a more valuable insight into the market than a one-off snapshot of the largest hundred companies."

Reynolds continued: "Our trading data indicates that the 'speculative' aspect of investors' portfolios is being explored increasingly through funds that invest in smaller companies. In addition, those investors looking for short term gains are looking increasingly towards derivative instruments and there has been a notable upswing in FTSE index options."

The Schwab Confidence Index is the results of a monthly survey of Schwab's most active traders, in which they are asked to predict the position of the FTSE in three and twelve months hence. This is the first time it has been released.

For an information pack about investing with Charles Schwab Europe investors should visit www.schwab-europe.com or telephone 0870 601 8888.

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Notes to Editors:

Charles Schwab Europe is both the UK's leading nominee and online stockbroker. It is based in Birmingham and Milton Keynes, and has around 500 employees. To date, more than a million customers have traded with Charles Schwab Europe and the company manages around £5bn in customer assets.

The company offers dealing services in US and UK shares for UK and Swiss residents. Dealing is conducted through a variety of channels: face-to-face, telephone, "Touch Tone" and increasingly, the Internet. For UK residents dealing in UK shares the company offers brokerage services to individuals and investment clubs, and self select ISAs and PEPs. In June 1998 Charles Schwab Europe launched the first UK online dealing service and now has over 100,000 online customers representing over 135,000 online accounts, comprising more than 70% of the company's total business.

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