

City buoyant as shares head close to all time high

THE [LONDON stock market](#) was edging smartly closer to an all-time high today as the [City](#) embraced a spirit of optimism for the New Year.

After a gloomy week weather wise, the sun shone as trading began in the Square Mile and investors basked in [GDP](#) figures that were dramatically better than expected.

UK GDP rose 0.1% in November – economists had predicted a 0.3% slump.

Even those figures aside, market sentiment has been positive for weeks, going back to the World Cup.

The [FTSE 100](#), the leading and most closely watched index, was up 36 points to 7830. That leaves it within a nudge of the 7903 all time high hit on May 22 2018, long before the emergence of Covid.

Read More

- [Dawn of hybrid working sees firms hunt for fresh offices](#)
- [Vacancies remain at City watchdog despite hiring spree](#)
- [Regulator consults on protections for insurance customers struggling financially](#)
- SPONSORED

[Deon wants to be one of the first black Britons to climb Everest](#)

Since the start of the year the FTSE 100 has added about £100 billion worth to the value of the UK's biggest companies.

On 13th October last year the FTSE traded down to 6707, the lowest since March 2021. It is up 1150 points since then, which equates to a £312 billion addition to the market including the pension funds that were so battered by Liz Truss's mini-budget.

James Hughes at Scope Markets said: "The FTSE-100 has added almost £100 billion since the start of the year, underlining that the outlook for UK plc may not be quite as downbeat as had been feared."

While there remain concerns, not least looming bank job cuts, ongoing inflation and rising interest rates, for the moment the City mood is buoyant.

Hughes adds: "Those better than expected GDP numbers for November have been the icing on the cake here, although if this paves the way for more Bank of England rate hikes, the upside could be short lived."

How America trades this afternoon once Wall Street opens for business could be key to whether the FTSE does soar past old highs today or early next week.

Russ Mould, investment director at AJ Bell, said: "A decent showing on Wall Street last night following news that US consumer prices dropped in December helped to lift investor sentiment in Asia and Europe on Friday. Investors are desperate for inflation to ease back so that central banks no longer have a reason to keep putting up interest rates."

Neil Wilson at markets.com said: "The index would only have to rise another 0.8% to beat its intraday all-time high. Smashing through this level would give overseas investors another reason to start looking more seriously at UK stocks."

He added: "After the Brexit vote, UK stocks were off the menu for many international investors and valuations plummeted.

Last year was a big turning point whereby the UK was one of the few major markets around the world not to see a big slump. Now if the FTSE 100 breaks a new record, it's another trophy in the cabinet for the UK and a reason to shout from the hilltops that the market is not as dull as people think."