

Economic worries drag on FTSE as pound tumbles further

London's markets sank into the red again and the pound tumbled as economic gloom descended on the [City](#) again ahead of central bank meetings next week.

Expected rate rises and worries over a lengthy recession have kept up general pessimism which only grew after a weak opening in the US markets.

The pound also plunged to below 1.14 dollars for the first time since 1985 after weak retail sales data in the UK for August although it recovered some ground later on Friday.

The FTSE 100 ended the day down 45.39 points, or 0.62%, at 7,236.68.

The pound was down 0.48% against the dollar at 1.141 and was 0.59% lower against the euro at 1.140 at the close.

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Michael Hewson, chief market analyst at CMC Markets UK, said: "This morning's sharp decline in August retail sales of 1.6% speaks to an economy that is probably already in recession, having already seen a 0.1% GDP contraction in Q2, and likely

to see a similarly weak performance across Q3.”

He highlighted that this also dragged on London-listed retail stocks, with the likes of B&M European Retail, Frasers Group, JD Sports and other consumer discretionary businesses slipping.

Elsewhere in Europe, the main markets were also firmly lower after World Bank warned that higher interest rates could help trigger a global recession.

The German Dax declined 1.81% by the end of the session and the French Cac finished 1.38% lower

Weak sentiment filtered across the [Atlantic](#), where [Wall Street](#) is now on course for its worst week since June.

In company news, outsourcing giant [Capita](#) jumped in value after it reached a deal to sell payments business Pay360 in a deal that values the firm at £150 million.

The buyer, Access PaySuite, will get a company with around 2,500 customers in the public and private sectors.

Capita shareholders firmly welcomed the sale as shares grew by 3.22p to 28.74p at the end of trading.

Naked Wines made some positive inroads after announcing it has reappointed former chief Rowan Gormley as an adviser to help with the firm’s next strategy.

It comes just days after a representative for one of its biggest shareholders left the board and the firm said it would review plans for the next 18 months. Shares rose 8.85p to 99.9p.

Royal Mail shares dropped to their lowest in almost two years after US delivery giant [FedEx](#) warned over a significant business slowdown, hammering confidence across the sector.

Shares in Royal Mail fell 20.2p to 229.7p.

The price of oil finished higher on Friday but had another week to forget amid concerns about the impact of an economic slowdown on demand.

Brent crude oil increased by 1.37% to 92.08 US dollars per barrel when the London markets closed.

The biggest risers in the FTSE 100 were Ocado Group, up 21p at 671p, M&G, up 3.95p at 201.2p, Hikma, up 22p at 1,253p, Barratt, up 4.8p at 429p, and Aveva, up 27p at 3,052p.

The biggest fallers in the index were IHG, down 229p at 4,670p, Dechra, down 138p at 2,950p, DS Smith, down 9.1p at 265.5p, Spirax-Sarco, down 310p at 10,070p, and Schroders, down 68p at 2,518p.