

FTSE 100 set for slow start as City awaits Bank of England decision on interest rates

The [FTSE 100](#) was set to stay stuck below 7100 today in a flat start ahead of the [Bank of England](#)'s key decisions on [interest rates](#).

The Bank is expected today to keep the cost of [borrowing](#) at its near-zero levels and leave the QE taps on, albeit with dissent from the outgoing chief economist [Andy Haldane](#).

However, all [eyes](#) will be on the detailed commentary of how and why they voted as they did.

Will other members of the monetary policy committee have agreed with Haldane that the economy was going "gangbusters"?

PMI data yesterday certainly added to indications that it is.

If enough debate was had over the fact that the economy is clearly hotting up, the [City](#)'s expectations for when rates will rise could move forward.

At the May meeting, the Bank announced it was reducing the weekly bond-buying programme for what it said were technical reasons. The markets took as a clear sign that a tapering of QE was on the cards, ignoring governor Andrew Bailey's claims it was merely a technicality. As CMC Markets' Michael Hewson put it today: "If it walks like a duck and quacks like a duck, it's a duck."

Markets will be keen to hear what the Bank's view is of the recent four week extension to lockdown restrictions. Do they

feel it will hamper the recovery or merely create more pent-up demand into July?

Later today the weekly US jobs data could move the FTSE. New jobless claims are expected to fall below 400,000 after last week's surprise increase to 412,000.

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US banks will be in the spotlight as the results of their stress tests are published later. Those that pass will be permitted to start returning cash to shareholders again – an allowance temporarily banned during Covid to make sure the US banking system had enough funding to support the economy.

A resurgent oil price kept BP, Shell and others' heads above water yesterday, but couldn't entirely stave off the global rout for equities which saw most [European](#) markets tumble more than 1%.

The FTSE was set to rise just 3 points to 7086 in early trading today after yesterday's lacklustre session.