FTSE 100 set to fall as UK employers suffer Covid workforce shortages

The FTSE 100 Index was set to fall further below the 7100 mark today as concerns mounted about the large numbers of workers absent from work after being “pinged” by the NHS Covid app.

Some factories and other workplaces report being 20% on staff numbers due to people having to stay at home and self-isolate.

Labour shortages in factories, shops and customer fulfillment centres are spreading alarm among company bosses fearing shutdowns are the inevitable next step.

The FT today reported that Nissan’s huge car plant in Sunderland had been forced to cancel some shifts and some economists were considering pencilling in new supply shortages to their projections for the UK economy.

The FTSE 100, always more affected by global issues, was set to fall 16 points to 7085 when it opens later this morning, according to futures markets.

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Mixed trading in Asia today was cited as one cause for the weakness. Chinese GDP data for the second quarter of the year came in at a better-than-expected 1.3% on the previous quarter, but on the year before it was worse than thought at 7.9%.

Retail sales were improving well above expectations, while industrial production fell less than feared.

The oil price could also begin falling back today, hitting shares in the energy sector which is particularly heavy in the UK index.

The UAE and Saudi Arabia have reached an outline deal to end their spat and allow Opec to raise oil production again, according to the FT.

Bitcoin has managed a recovery from its recent falls, gaining 2% over the past 24 hours, perhaps helped by the Bank of England's assessment yesterday that cryptocurrencies do not pose a systemic risk to the financial system.

The Bank figured that most investors were private individuals rather than big, structurally important institutions so when cryptos go bad, only a relatively small number of members of the public suffer.

The Bank reiterated its view that people investing in cryptos should be prepared to lose all their money.

Speculation continues to be rife that central banks will be forced to raise interest rates or trim their QE programmes as inflation marches higher.

Yesterday saw the Federal Reserve chairman Jay Powell face increasingly tough questions on price rises from Congressmen but stuck with his line that it was not complacent to hold back from tightening policy so soon into the Covid economic recovery. Inflation in the US is running at 5.4%.

While that may make the UK’s rate of 2.5% seem like nothing, inflation hawks are increasingly asking similar questions of the Bank of England, which is adopting the same wait-and-see attitude as the Fed, believing price rises are temporary.

All eyes today will be on the ramifications of the UK data on jobs, which are likely to show unemployment falling again. The question analysts will be attempting to answer following the figures is how much of that is masked by the continuing furlough scheme, as well as the impact on jobless numbers of “Freedom Day” next Monday when pubs and restaurants will be able to operate normally again.