FTSE 100 to open flat amid rising concerns over the Covid Delta variant

T
he FTSE 100 Index was set for a subdued start today with all eyes likely to be on travel stocks again following increasing European curbs on UKtravellers due to Covid's spread here.

Sharp increases in cases of the Delta variant of the coronavirus, particularly in the North of England, have led EU leaders to call for bans on travel from the UK, at least while they get their vaccines rolled out among their populations.

Hong Kong has also announced it would ban UK travellers from Thursday to keep the Delta variant out.

Airline and travel stocks have inevitably suffered and that, combined with falling oil prices, hit UK shares yesterday. Some may see a bounceback from the 5-6% falls endured yesterday as bargain hunters view the likes of IAG, EasyJet and Tui as oversold.

Having fallen 1% yesterday, the FTSE 100 was expected to open up around 2 points at 7074 today according to the futures markets. On the IG platform, 68% of traders were betting it would go higher than that, suggesting a slightly bigger gain could be seen.

For all intents and purposes, however, that is a flat start in a market that seems subdued and somewhat listless.

Even the super-volatile bitcoin has had a flat session over the past 24 hours, being up just 0.3% at $34,570.

Bargain hunters could also come out for Burberry shares today after the stock fell nearly 9% on the shock departure of its turnaround chief executive Marco Gobbetti, who is leaving at the end of the year for Salvatore Ferragamo.

The bull case for the shares is that Gobbetti has set the business up for a strong recovery with its newfound focus on high end customers. The bear case is that there is no obvious replacement and a bad one could mess things up again.

UK lending data could add a spark to some stocks as it is likely to show an increase in mortgage lending in May to £4.4 billion against April’s £3.3 billion as house buyers took advantage of the stamp duty holiday extension.

Net consumer credit may be less buoyant, however, with economists expected a continuation of the cautious trend that has been in play since the start of the pandemic, where people pay off more credit than they take out.

Later today comes the US consumer confidence data for June which should continue its strong bounceback from Covid lows.

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CMC Markets today warned clients not to get too carried away with US economy hopes, however.

“While the US economy is improving, sentiment still appears to be fragile, with rising gasoline prices acting as a brake on demand due to supply disruptions, while rising prices in other areas of the economy may well also be affecting demand,” it said in its morning note.

Stockbroker Numis put out a glowing broker note recommending clients buy shares in IG following its completion of the takeover of US online broker Tastytrade. It says there is a good chance the group will outperform forecasts for a business that is likely to generate double digit growth in earnings per share.