Pound falls and leisure sector hopes punctured on Plan B reports

The prospect of new Plan B COVID-19 restrictions for England has sent the pound to a one-year low and stirred dismay in the leisure and travel sectors.

Sterling dropped below $1.32 against the US dollar to its lowest level since December last year at one point while the UK currency also slid against the euro though it later recovered to be flat on the day.

In stock markets, travel and leisure shares – which had been **recovering** from an initial **Omicron shock** sell-off – were also hit but later staged something of a recovery on hopes that changes to the **COVID** rules would be minimal.

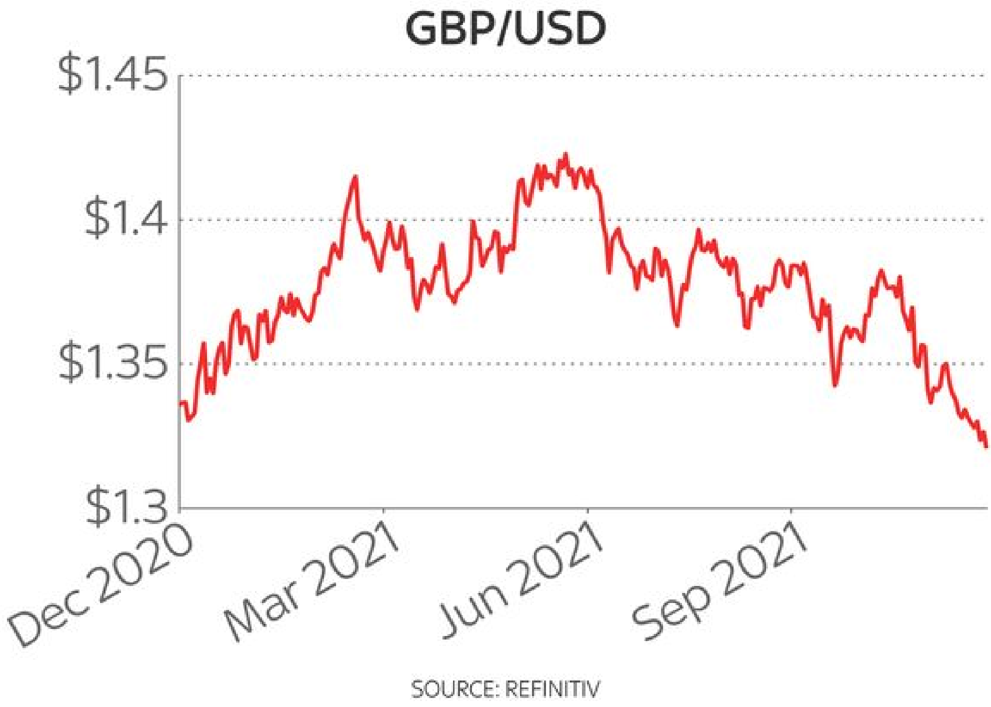

Image:
The pound hit a one-year low versus the dollar
The Night Time Industries Association (NTIA) said **Plan B**

restrictions, including vaccine passports for large events and work from home guidance, would have a "devastating impact".

Chief executive Michael Kill also questioned the "timing and rationale" for the announcement as the prime minister faces a furore over an alleged Downing Street party last Christmas.

"Nightclubs and bars must not be thrown under the bus for the prime minister to save his own skin," Mr Kill said.

The pound's weakness reflects the likelihood that further restrictions will hold back the wider economy, dampening already diminishing prospects of a pre-Christmas interest rate hike.

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In stocks, British Airways owner International Airlines Group – already badly hit after the government imposed travel restrictions in response to Omicron – was among the FTSE 100's biggest fallers earlier in the day as it slid more than 3%.

The shares ended the day in positive territory.

Aero engine maker Rolls-Royce lost 2% of its value while easyJet, which had dipped by nearly 4%, was just 0.7% down by the market close.

Image:
Shares in Cineworld fell. Pic: AP
The FTSE 100 ended the day flat.

The early falls for travel-related stocks were also partly in response from an **update from Tui**, which while sounding an optimistic note about prospects for coming months, revealed that Omicron fears were already hitting bookings – sending its shares down by 2%.

They too had U-turned by the end of the session and were 1.7% higher.

In the wider leisure sector, hopes of a pick-up for cinemas, restaurants and pubs were punctured by the prospect of Plan B.

Cineworld's shares fell 5% but later clawed back half that loss.

Commenting on the volatile nature for values Craig Erlam, senior market analyst at OANDA, said: "Equity markets are marginally lower after strong sessions on Monday and Tuesday, a sign that investors are remaining cautious despite encouraging data on the new variant.

"Volatility is going nowhere over the coming weeks but investors are clearly enthused by what the early data is telling us.

"That said, with the UK considering "Plan B" restrictions, it would appear leaders are not as enthused by what they're seeing, which frankly makes me wonder whether markets are getting ahead of themselves.

"The knee-jerk reaction to the new variant was obviously overdone based on the information we now have but where the markets will end up is anyone's guess. There's still plenty more to learn."