

FT 100 Index, trend 2015-2020

Development of the FT 100 Index during the four year period from the beginning of 2015 till the end of 2019.

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Introduction

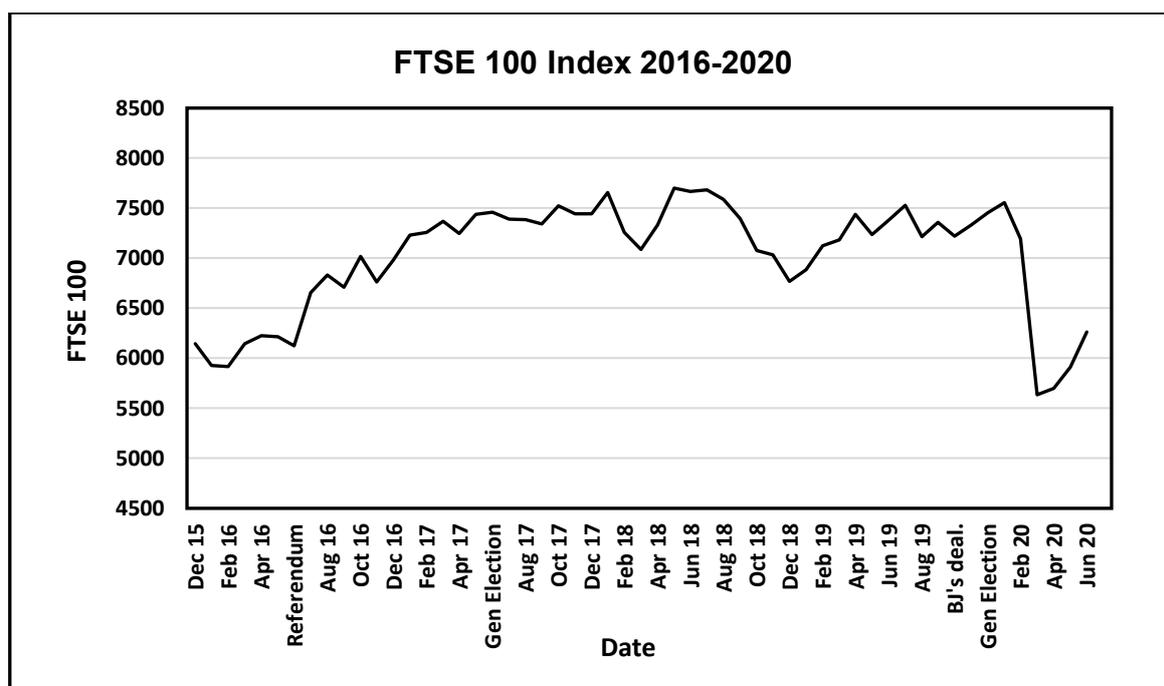
The graph in the diagram below represents the development of the FT 100 Index month by month from the beginning of 2015 until and including Jun 2020.

The value at close of trading on the last day of trading each week is recorded and at the end of each month an average for the month is added to the graph.

This monitoring exercise was commenced in order to use the FT Index as a variable in a model for forecasting commercial property prices, but this model has yet to be developed.

FT 100 Index

There is, however, a general interest in following this trend to see how the index responds first to the developing outlook in the relationship between the UK and the EU, the so-called Brexit. Secondly it is of interest to see how the index is responding to the crisis created by the pandemic created by the virus known as COVID-19.



The FT 100 index reflects the share value of 100 companies listed on the London Stock Exchange and is subjected to inflationary pressures and can therefore generally be expected to rise.

From time to time the index is also subject to revisions whereby some companies are deleted from the list of 100 and new ones are added. At any one time there may also be several factors that at each of which could influence the trend of the indicator.

As an indicator of long term economic trends it should therefore only be considered with caution, but in the short term it may reflect how the people behind the financial markets view contemporary political and social developments.

Upward movements of the index trend is likely to indicate approval while downward movements will indicate rejection or at least some nervousness.

In the period between the general election in May 2015 and the referendum in June 2016 the FTSE 100 index was falling and this may be interpreted as an indicator of uncertainty over the possible outcome of the referendum and subsequent Brexit negotiations.

Another period of interest is the final six months of 2018 when the then primeminister, Theresa May, summoned her ministers to a meeting at 'Chequers' where a deal was hammered out, later presented to and finally agreed with the EU negotiators in November of that year. It would seem that the markets were viewing this process with some nervousness, but in the end had hope of a conclusion.

However, if that hope existed it was dashed with the rejection by the UK parliament in three so-called 'final' votes.

At the time of writing we now have a new primeminister, new parliament and did leave the EU at the 31st of January 2020. Which way the FTSE 100 would have gone in this kind of unknown and uncharted economic climate is anybody's guess, but now nature intervened in the form of a hitherto unknown virus eventually dubbed COVID-19 (corona virus disease 2019). It was first felt in the UK in February of this year and more forcefully in March leading to the FTSE index loosing just over a quarter of its value from 7500 to 5500.

The index has regained a little of its value in recent months, but commentators are predicting very difficult times ahead.

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