

FTSE 100 Index, trend 2015-2021

Development of the FTSE 100 Index during the six year period from the beginning of 2015 till January 2021.

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Introduction

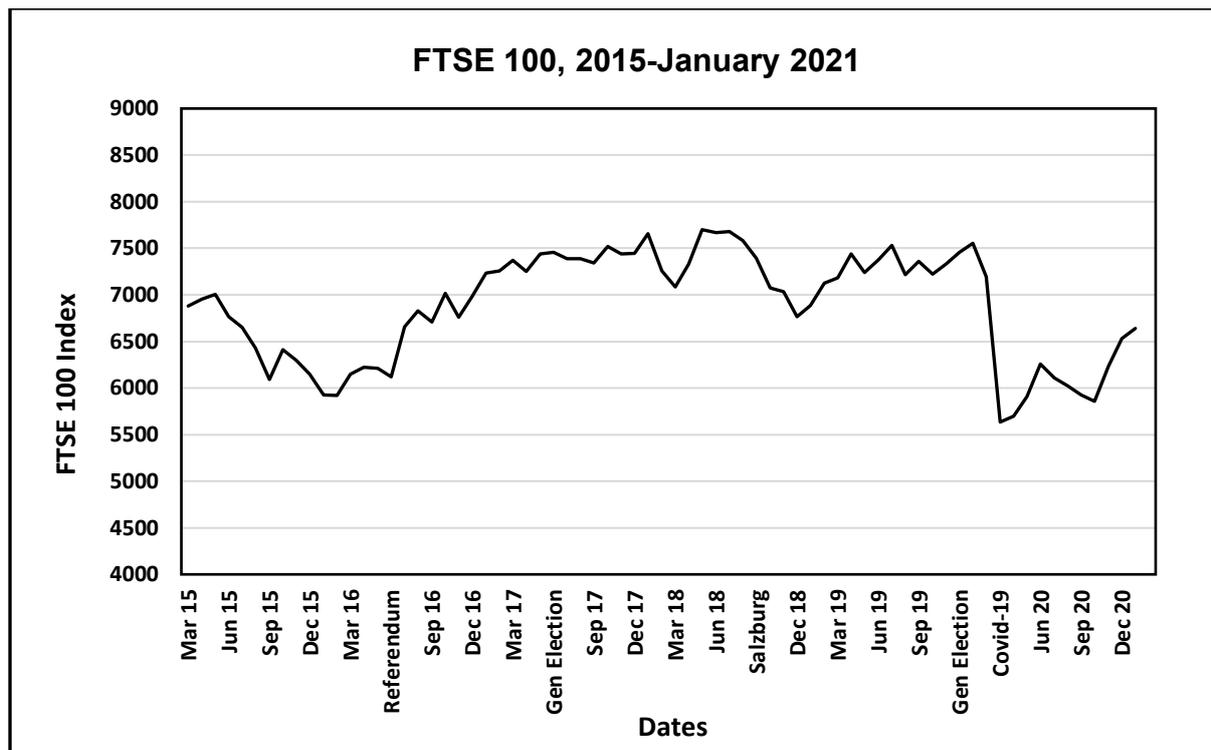
The graph in the diagram below represents the development of the FTSE 100 Index month by month from the beginning of 2015 until and including January 2021, a period of unprecedented dramas within the body politics and in the wider world.

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 purpose of the exercise has been to illustrate how the FTSE 100 Index has changed in response to major political events (Brexit) and other events affecting the very foundations of society as we know it (COVID-19).

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 caused 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 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 prime minister, 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.

Boris Johnson became prime minister in July 2019 and subsequently obtained an absolute majority for his Conservative government of about 80. The UK did leave the EU at the 31st of January 2020, but a trade agreement still needed to be negotiated and agreed. This was achieved by the end of December and it may be that businesses are just grateful for the stability it may bring – however superficial and fragile it looks.

Meanwhile nature has intervened in the form of the initially unknown virus dubbed COVID-19 (corona virus disease 2019). It was first felt in the UK in February 2020 and more forcefully in March leading to the FTSE index losing just over a quarter of its value from 7500 to 5500. The index has since regained a little of its value, but is still well below its original value.

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