

# CFD Trading

FREDERICK  
&  
OLIVER



Monday 17th May 2021

Examples of how you could utilise CFDs

## TRAVEL RESTRICTIONS LIFTED - FTSE TRAVEL STOCKS SET TO SOAR?

- TRAVEL IS PERMITTED FROM THE UK TO 12 'GREEN LISTED' COUNTRIES, WITHOUT RESTRICTIONS
- TRAVEL STOCK PRICES REMAIN HEAVILY DISCOUNTED VERSUS PRE-PANDEMIC LEVELS



Travel stocks clear for takeoff?

### INTRODUCTION

Today marks a significant development in the reopening of the UK economy, with a particular focus on travel and hospitality. For the first time in many months, restaurants, pubs, cinemas, theatres and hotels will welcome guests.

International travel is now permitted. The UK government has introduced a traffic light system, rating countries as green, amber or red, dependent upon the presence of Covid-19 and the progress of vaccination programmes locally.

Countries rated as 'red' are as good as no-go zones currently. Destinations rated as 'amber' require passengers to quarantine upon their return to the UK, whilst 'green' listed countries are relatively hassle-free to visit.

The list of 'green' destinations currently comprises of just 12 countries, many of which are long haul (Australia, New Zealand, Singapore) and others which are not typically popular with UK tourists (Israel, Falkland Islands, Gibraltar).

In fact, of the Top 10 travel destinations for UK tourists, only Portugal (no.9) features on the list and will likely 'win' visitors from those whom would normally visit Spain, France and Italy (no's 1-3), currently rated as 'amber'.

Investors and traders will be hoping the resumption of international travel will lead to further improvement in the sector's share prices. You will note from the following table, stocks with exposure to travel and tourism (airlines, cruise lines), hospitality (hotels, restaurants and pubs) and related service companies (aerospace engineering) suffered greatly (red column) as the global health pandemic unfolded.

The partial recovery from the lowest prices of 2020 (blue column) has been spectacular, yet share prices still require significant improvement to reach pre-pandemic levels (green column).

| Stock       | 2020 high to low decline | Recovery to current price | Distance to Jan 2020 high |
|-------------|--------------------------|---------------------------|---------------------------|
| IAG         | -87%                     | +143%                     | +215%                     |
| easyJet     | -73%                     | +141%                     | +57%                      |
| Whitbread   | -63%                     | +74%                      | +56%                      |
| Rolls Royce | -91%                     | +61%                      | +579%                     |
| Carnival    | -84%                     | +174%                     | +134%                     |
| TUI         | -80%                     | +94%                      | +156%                     |

(Past performance is not indicative of future performance.)

The UK government has come under pressure from the CEO's of Ryanair, British Airways and Heathrow Airport to expand the list of 'green' countries as soon as possible. The Prime Minister, Boris Johnson, has pledged to review the green, amber and red lists every 3 weeks and promote or relegate countries accordingly.

As aeroplanes take to the sky once again, we ask the following questions:

- Do you think Spain, France and Italy will be added to the green list in 3 weeks time?
- What impact could this have on travel shares?
- Is now the time to buy? Would you buy using a CFD?

When buying a position using CFDs, retail investors' initial outlay is 20% of the deal value, meaning you could buy:

- £10k of Carnival for £2k outlay
- £50k of IAG for £10k outlay
- £100k of Rolls Royce for £20k outlay

Gains and losses are based on the deal value, not the deposit value. Visit our website for more information.

### RISK WARNING

All content is provided for your information only. This article may contain opinions and is not advice or a recommendation to buy, sell or hold any investment. No representation or warranty is given on the present or future value or price of any investment, and investors should form their own view on any proposed investment. This article has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is considered a marketing communication. Non-independent research is not subject to FCA rules prohibiting dealing ahead of research, however we have put controls in place (including dealing restrictions, physical and information barriers) to manage potential conflicts of interest presented by such dealing. One Financial Markets expressly disclaims all liability from actions or transactions arising out of the usage of this content. By using our services, you expressly agree to hold One Financial Markets harmless against any claims whatsoever and confirm that your actions are at your sole discretion and risk. CFD's and forex are high risk instruments in which it is possible to lose in excess of your original deposit and may not be suitable for you. You should only consider these investments using money you can afford to lose. Please ensure you fully understand the risks and take care to manage your exposure.

CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. **73% of retail investor accounts lose money when trading CFDs with this provider.** You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money. Frederick & Oliver (F&O) is an Appointed Representative of C B Financial Services Limited (trading as One Financial Markets). Your account is held with C B Financial Services Limited and all dealing, administration and settlement is carried out by them. C B Financial Services Ltd is registered in England with company number 6050593.