

St. Petersburg Times

Opening Bell Will Strike Nerves

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Published: Sep 17, 2001

TAMPA - Now we'll see how hard Wall Street fights back.

The U.S. financial markets open at 9:30 this morning for the first time since terrorist attacks Tuesday in New York and Washington.

Investors' first reaction will likely be retreat. But many hope jittery investors will be quickly reinforced by more confident souls.

The markets have behaved vastly differently after large- scale disasters. But initially, their first reaction is to drop.

For instance:

* After the invasion of Kuwait and beginning of America's Desert Storm operations, the Dow Jones industrial average was down 1.9 percent in a day, down 3.7 percent after a week and down 8.7 percent after a month.

* After the 1993 bombing of the World Trade Center, the Dow was down 0.5 percent after a day. But after a week it was up 1 percent, then continued rising and was up 13.9 percent after a year.

Some analysts believe that if the markets do fall, they will bounce back fast - assuming we don't see an all-out war that creates even greater uncertainty and risk.

That's because last week's attack was such an aberration and doesn't reflect the basic strength of the vast majority of publicly traded companies.

And it may be that old-fashioned patriotism - a refusal to panic and sell stocks - that keeps the market from tanking.

"We have a lot to gain by all of us working together through this," said Walter Schubert, an international finance expert at La Salle University in Philadelphia.



Photo by: AP photo

The statue of George Washington overlooks the New York Stock Exchange.

Short-Term Effect Predicted Schubert said he is optimistic - unless there is a war - the market will recover any losses in about a month.

Several observers said that if stock prices are off, this could be a good time to buy shares at low prices. Some institutional investors who run mutual funds know that, and it could spark some buying.

"I think a lot of the money managers will step in and buy, because if Cisco goes from 14 to 10 or Oracle goes from 11 to 7, there's going to be a lot more upside value than downside risk," said **John Hill**, who specializes in technology stocks as managing director of Tampa money management firm **Hyde Park Capital Managers**.

Adding a prop, stock market regulators decided last week to ease the usual restrictions on when and how companies can make large purchases of their own stock.

They did that to create more demand for stocks, to inject additional cash and to make the stock market reopening smoother.

Cisco Systems, for instance, said late Thursday that it plans to repurchase up to \$3 billion of stock during the next two years.

"They do it because it's the smart thing to do," Hill said, "but it helps the whole market."

Big companies may take advantage of the low prices to buy their own shares so they can put them in employee profit-sharing plans, Hill said.

And the Securities and Exchange Commission may make greater use of its system of so-called circuit breakers. They automatically halt stock trading when prices drop precipitously.

Circuit breakers originally were designed to be used only during a severe, one-day market decline. But some expect them to be used this week, repeatedly if needed, to provide stability for the overall market.

Still, not all stocks are going to recover equally well if and when the stock market rebounds.

Comfort On Familiar Ground Experts expect people to shift money from smaller-company or riskier stocks in companies whose prospects they are less sure of to big companies seen as more reliable earners in what's called a "flight to safety."

In the global picture, U.S. stocks historically have been seen as safer and more reliable investments than stocks of other countries, Schubert said.

He is not sure they will enjoy that reputation as much as they have in the past. He said he will watch what happens in this recovery, to see if some European stocks gain more favor than before.

But the world has reason to hope the broad U.S. markets recover.

“Wherever else we go, we're going to lead the rest of the world,” Hill said.

Wall Street, America's beacon of capitalism, is ready to get back to work after four days of national agony. Not since the Great Depression has it been closed for so long.

“I think it is sort of patriotic to say we go on with our lives, and we're not going to allow terrorism to truly churn our lives,” Schubert said.

Information from Tribune wire services was used in this report. Reporter Jo-Ann Johnston can be reached at (813) 259-7804.