

Market Comment

Issued on 13th November 2001

Markets Recover Quickly From New York Air Crash

An announcement yesterday of a further air disaster in New York initially sent equity markets into a temporary downturn amid fears that another wave of terrorist attacks was underway. At 2.30 p.m., when news of an American Airlines Airbus 300 crash over a New York suburb came through on the airwaves, markets in the US and Europe fell back. The main US stock market index, the S&P 500, fell just under 2%, while in Europe, the main markets fell by 3% to 4%. By the close in Europe, however, a recovery was underway and in the US markets had recovered their poise by the end of the day. At that stage, interpretation of the disaster was pointing to accidental rather than terrorist causes and fears of a return to the mood of September 11th began to dissipate.

This morning, European markets have opened higher and are back at the levels reached last Friday. American markets have also opened higher this afternoon. There was strong initial reaction yesterday in vulnerable sectors such as insurance, tourism and airline stocks, but these have since recovered. The US insurance sector closed with a small gain last night, as many investors saw the downturn as a buying opportunity.

The table below shows yesterday's change in the major US and European markets and the level reached at 14.45 today. Yesterday the technology dominated NASDAQ Index finished in positive territory helped by a 2% rise in Microsoft. The disaster occurred too late for European markets to recover fully yesterday, but they are well up this morning, with recoveries underway in stocks such as Air France and British Airways.

Market	Index	Percentage change in day Monday 12 Nov.	Percentage Change Since Opening Tuesday 13th Nov. up to 14:45
		Local Currency	Local Currency
US	S&P 500	-0.2	1.2
	NASDAQ	0.6	2.1
UK	FTSE 100	-1.9	2.5
Germany	DAX	-1.8	2.0
France	CAC	-3.1	3.5

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