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Economic effects arising from the September 11 attacks

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The **economic effects arising from the September 11 attacks** were initial shock causing global [stock markets](#) to drop sharply.

The [September 11 attacks](#) themselves resulted in approximately \$40 billion in [insurance](#) losses, making it one of the largest insured events ever.^[1]

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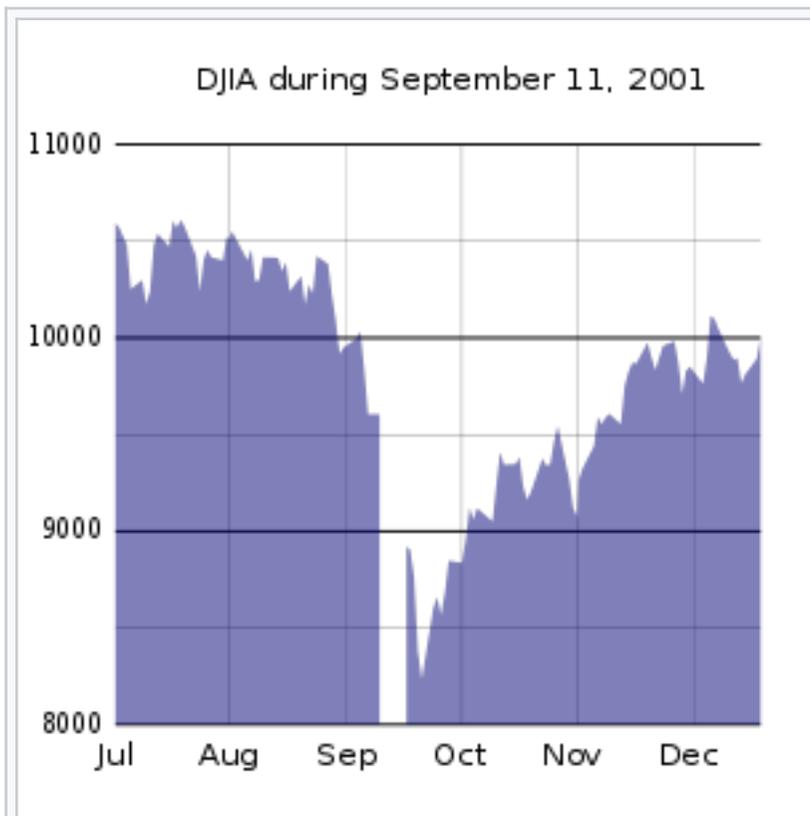
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Financial markets [\[edit\]](#)



Stock exchanges closed between September 10, 2001 and September 17, 2001. After the initial panic, the [DJIA](#) quickly rose for only a slight drop.

The opening of the [New York Stock Exchange](#) (NYSE) was delayed after [the first plane](#) crashed into the [World Trade Center's](#) North Tower, and trading for the day was canceled after [the second plane](#) crashed into the South Tower. [NASDAQ](#) also canceled trading. The New York Stock Exchange was then evacuated as well as nearly all banks and financial institutions on [Wall Street](#) and in many cities across the country. The [London Stock Exchange](#) and other stock exchanges around the world were also closed down and evacuated in fear of follow-up terrorist attacks. The New York Stock Exchange remained closed until the following Monday. This was the third time in history that the NYSE experienced prolonged closure, the first time being in the early months of [World War I](#) ^{[2][3]}

and the second being March 1933 during the [Great Depression](#). Trading on the United States [bond market](#) also ceased; the leading government bond trader, [Cantor Fitzgerald](#), was based in the World Trade Center.^[4] The [New York Mercantile Exchange](#) was also closed for a week after the attacks.^[5]

The [Federal Reserve](#) issued a statement, saying it was "open and operating. The [discount window](#)

is available to meet [liquidity](#) needs."^[6] The Federal Reserve added \$100 billion in liquidity per day, during the three days following the attack, to help avert a financial crisis.^[5] Federal Reserve Governor [Roger W. Ferguson Jr.](#) has described in detail this and the other actions that the Fed undertook to maintain a stable economy and offset potential disruptions arising in the financial system.^[7]

[Gold](#) prices spiked upwards, from \$215.50 to \$287 an ounce in London trading.^[4] [Oil prices](#) also spiked upwards.^[8] Gas prices in the United States also briefly shot up, though the spike in prices lasted only about one week.^[5]

[Currency](#) trading continued, with the [United States dollar](#) falling sharply against the [Euro](#), [British pound](#), and [Japanese yen](#).^[4] The next day, European stock markets fell sharply, including declines of 4.6% in [Spain](#), 8.5% in [Germany](#),^[4] and 5.7% on the London Stock Exchange.^[9] Stocks in the [Latin American](#) markets also plunged, with a 9.2% drop in [Brazil](#), 5.2% drop in [Argentina](#), and 5.6% decline in Mexico, before trading was halted.^[4]

Economic sectors [\[edit\]](#)

In international and domestic markets, stocks of companies in some sectors were hit particularly hard. Travel and entertainment stocks fell, while communications, pharmaceutical and military/defense stocks rose. Online travel agencies particularly suffered, as they cater to leisure travel.^[*citation needed*]

Insurance [\[edit\]](#)

Insurance losses due to 9/11 were more than one and a half times greater than what was previously the largest disaster ([Hurricane Andrew](#)) in terms of losses. The losses included business interruption (\$11.0 billion), property (\$9.6 billion), [liability](#) (\$7.5 billion), [workers](#)

compensation (\$1.8 billion), and others (\$2.5 billion). The firms with the largest losses included [Berkshire Hathaway](#), [Lloyd's](#), [Swiss Re](#), and [Munich Re](#), all which are reinsurers, with more than \$2 billion each in losses.^[10] Shares of major [reinsurers](#), including [Swiss Re](#) and [Baloise Insurance Group](#) dropped by more than 10%, while shares of [Swiss Life](#) dropped 7.8%.^[11] Although the insurance industry held reserves that covered the 9/11 attacks, insurance companies were reluctant to continue providing coverage for future terrorist attacks. Only a few insurers offer such coverage, and it is limited and very expensive.^[1]

Airlines and aviation [\[edit\]](#)

Flights were grounded in various places across the United States and [Canada](#) that did not necessarily have the operational support in place, such as dedicated ground crews. A large number of transatlantic flights landed in [Gander](#) in [Newfoundland](#) and in [Halifax](#), [Nova Scotia](#), with the logistics handled by [Transport Canada](#) in [Operation Yellow Ribbon](#). To help with immediate needs for victims' families, [United Airlines](#) and [American Airlines](#) both provided initial payments of \$25,000.^[12] The airlines were also required to refund ticket purchases for anyone unable to fly.^[12]

The 9/11 attacks compounded financial troubles that the airline industry already was experiencing before the attacks. Share prices of airlines and airplane manufacturers plummeted after the attacks. [Midway Airlines](#), already on the brink of bankruptcy, shut down operations almost immediately afterwards. Other airlines were threatened with bankruptcy, and tens of thousands of layoffs were announced in the week following the attacks. To help the industry, the federal government provided an aid package to the industry, including \$10 billion in [loan guarantees](#), along with \$5 billion for short-term assistance.^[1]

The reduction on air travel demand caused by the attack is also seen as a contributory reason to the retirement of the only supersonic aircraft in service at the time, [Concorde](#).^[13] It have also been commented that the lack of demand for the Concorde after its service resumption in 2001 could be

caused by the death of many regular Concorde travellers resulted from this attack.^[14]

Tourism [\[edit\]](#)

Tourism in [New York City](#) plummeted, causing massive losses in a sector which employed 280,000 people and generated \$25 billion per year. In the week following the attack, hotel occupancy fell below 40%, and 3,000 employees were laid off. [Tourism](#), hotel occupancy and air travel also fell drastically across the nation.^[citation needed] The reluctance to fly may have been due to increased fear of a repeat attack. Suzanne Thompson, Professor of Psychology at Pomona College, [California](#) conducted [interviews of 501 people who were not direct victims of 9/11](#)^[5]. From this, she concluded that "Most participants felt more distress (65 percent) and a stronger fear of flying (55 percent) immediately after the event than they did before the attacks."

Security [\[edit\]](#)

Since the 9/11 attacks, substantial resources have been put towards improving security, in the areas of [homeland security](#), [national defense](#), and in the private sector.^[5]

New York City [\[edit\]](#)

In New York City, approximately 430,000 job months were lost and there were \$2.8 billion in lost wages over the three months following the 9/11 attacks. The economic effects were mainly focused on the city's [export](#) economy sectors.^[15] The [GDP](#) for New York City was estimated to have declined by \$30.3 billion over the last three months of 2001 and all of 2002. The Federal government provided \$11.2 billion in immediate assistance to the [Government of New York City](#) in September 2001, and \$10.5 billion in early 2002 for economic development and infrastructure needs.^[16]

The 9/11 attacks also had great impact on small businesses in [Lower Manhattan](#), located near the [World Trade Center](#). Approximately 18,000 [small businesses](#) were destroyed or displaced after the attacks. The [Small Business Administration](#) provided loans as assistance, while Community Development Block Grants and Economic Injury Disaster Loans were other also used by the Federal Government to provide assistance to small business affected by the 9/11 attacks.^[16]

Other effects [\[edit\]](#)

The September 11 attacks also led directly to the U.S. war in Afghanistan, as well as additional homeland security spending. The attacks were also cited as a [rationale for the Iraq war](#). The cost of the two wars so far has surpassed \$5 trillion.^{[17][18]}

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External links ^[edit]

- [Attack Gave a Devastating Shove to the City's Teetering Economy](#), *The New York Times*, September 8, 2002[🔗]
- [As Companies Scatter, Doubts on Return of Financial District](#)[🔗], *The New York Times*, September 16, 2002

V · T · E ·	September 11 attacks
Timeline	Planning · September 11, 2001 · World Trade Center collapse · Remainder of September · October · Post-October ·

Victims	Casualties (emergency workers) ·
Hijacked airliners	American Airlines Flight 11 · United Airlines Flight 175 · American Airlines Flight 77 · United Airlines Flight 93 · Suspected hijackings (Korean Air Flight 85 · Delta Air Lines Flight 1989) ·
Crash sites	World Trade Center (World Trade Center site) · The Pentagon · Stonycreek / Shanksville, Pennsylvania ·
Aftermath	Immediate repercussions (Closings and cancellations · Detentions) · Communication · Post-9/11 (Economy · Local health · Airport security) · Reactions (Conspiracy theories) · Rudy Giuliani · Unsuccessful terrorist plots ·
Response	U.S. government response · U.S. military response (War on Terror · Afghanistan · North-West Pakistan) · Rescue and recovery effort · Financial assistance · Operation SUPPORT · Operation Yellow Ribbon · Memorials and services (9/11 Memorial and Museum) · World Trade Center Health Program ·
Perpetrators	Responsibility · Motives · Hijackers (20th hijacker) · Trials ·
Inquiries	U.S. Congressional Inquiry (the 28 pages) · September 11 intelligence before the attacks (August 2001 CIA warning) · 9/11 Commission (<i>Commission Report</i> · Criticism) · PENTTBOM ·
Cultural effects	Cultural references (Songs · Comics · Books) · <i>Cartoonists Remember 9/11</i> · Entertainment · Humor · Lost artworks ·
Miscellaneous	War games · Patriot Day · <i>The Falling Man</i> · <i>Raising the Flag at Ground Zero</i> · Tourist Guy hoax · Iraq War · Twin Towers 2 · Henryk Siwiak homicide · Disappearance of Sneha Anne Philip ·

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V · T · E ·

Stock market crashes

18th century · The Mississippi Bubble · South Sea Bubble of 1720 · Panic of 1792 · Panic of 1796–97 ·

Panic of 1819 · Panic of 1825 · Panic of 1837 · Panic of 1847 · Panic of 1857 ·

19th century · Black Friday (1869) · Panic of 1873 · Paris Bourse crash of 1882 · Panic of 1884 · Encilhamento

	<ul style="list-style-type: none"> • Panic of 1893 • Panic of 1896 •
20th century	<ul style="list-style-type: none"> Panic of 1901 • Panic of 1907 • Depression of 1920–21 • Wall Street Crash of 1929 • Recession of 1937–38 • 1971 Brazilian markets crash • 1973–74 stock market crash • Souk Al-Manakh stock market crash (1982) • Japanese asset price bubble (1986–1991) • Black Monday (1987) • Rio de Janeiro Stock Exchange collapse • Friday the 13th mini-crash (1989) • 1990s Japanese stock market crash • Dot-com bubble (1995–2000) • 1997 Asian financial crisis • October 27, 1997, mini-crash • 1998 Russian financial crisis •
21st century	<ul style="list-style-type: none"> Economic effects arising from the September 11 attacks (2001) • Stock market downturn of 2002 • Chinese stock bubble of 2007 • United States bear market of 2007–09 • Financial crisis of 2007–08 • Dubai debt standstill • European debt crisis • 2010 Flash Crash • 2011 Tōhoku earthquake and tsunami (Aftermath) • August 2011 stock markets fall • 2011 Bangladesh share market scam • 2015–16 Chinese stock market turbulence • 2015–16 stock market crash • 2016 United Kingdom EU referendum (Aftermath) •
<p><i>See also: List of stock market crashes and bear markets</i></p>	

Categories: [Aftermath of the September 11 attacks](#) | [Economic crises in the United States](#) | [Stock market crashes](#)

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