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Search Among The Ruins

Rescue workers sift through the rubble of Tower One of the World Trade Center in search of victims Thursday. Officials estimated 4,763 people are missing. The official death toll remains at 184.

Photo by Ron Gospodarski

Wall St. Prepares to Reopen

By Susan Harrigan and Harry Berkowitz
STAFF WRITERS

As Wall Street executives and repair crews worked feverishly Friday to prepare for Monday's promised opening of stock trading, market experts predicted that stock prices may fall sharply when trading begins, but recover later in the day.

In an attempt to calm nervous investors, the Securities and Exchange Commission eased a number of restrictions, including those on companies buying back their own shares. The SEC also said it would closely monitor Monday's trading to make sure "U.S. markets will function effectively and fairly."

Ending a four-day halt in trading of U.S. equities is "a way of saying to those who have inflicted this heinous crime upon us, 'You have not succeeded,' " Richard Grasso, chairman of the New York Stock Exchange, said Friday. The trading hiatus, which began before the market was to open on Tuesday, the day of the terrorist attack on the World Trade Center, is the longest since World War I.

Although the attack didn't hurt the New York Stock Exchange building, it inflicted a great deal of physical damage upon, and interrupted communications with, a number of its member firms. The terrorist action also threatened to harm Nasdaq — an electronic linkage of firms rather than a physical facility — by cutting off electronic contact with a number of that organization's members. Some of Nasdaq's personnel was evacuated from its offices at 1 Liberty Plaza Tuesday.

The 75,000 to 100,000 people whom Wall Street leaders expect to return to work Monday will have to cope with a sharply curtailed transportation system, as well as the remains of a blanket of ash and debris. Emotionally, they will have to deal with the deaths of thousands of people, many of them colleagues, and the memories of their own fearful escapes from the area.

"It's not going to be easy to go back to the Wall Street area and actually see a war zone," Peter Cardillo, research director at Westfalia Investments, told Reuters. "I was there when it happened, I was walking in the smoke and debris and dust."

To help stock trading reopen without hampering ongoing rescue efforts at the World Trade Center, the city will open a specific "transportation corridor" to the area, Mayor Rudolph Giuliani said. Verizon Communications, which has been struggling to repair heavy damage to one of its facilities, said it expects to be able to provide phone and data service when trading opens Monday. And Con Edison said it has 850 personnel working to restore power by installing temporary cables in the financial district.

At noon Saturday, key stock market participants will hold a dry-run test to make sure all systems are working. On Sunday, there will be another test for companies that discovered problems during Saturday's test.

In what Hugh Johnson, chief investment officer of First Albany Corp., called a "sneak preview" of what may happen when U.S. trading opens, most stock markets around the world fell sharply this week. In a sign that investors are looking for safe havens amid fears of escalating violence following the World Trade Center attack, prices of precious metals and U.S. Treasury instruments rose. Trading in fixed income instruments, including U.S. Treasuries, began Thursday.

Some analysts predicted that U.S. airlines would lose half their market value when trading opens Monday, following sharp drops in European airline stocks last week. But they expect some sectors, such as defense and technology, to do well.

Richard T. Sweet, chief economist at Allied Investment Advisors in Baltimore, predicted U.S. stock markets would drop 5 percent to 7 percent in early trading Monday, but rebound later in the day. Johnson said a number of institutional clients have told him they may become stock buyers Monday if prices have fallen substantially, and they expect government spending and Federal Reserve actions to benefit the economy in the long term.

Staff writer James T. Madore contributed to this story.

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