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Markets face challenge reopening after Sandy



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Sandbags are piled in front of the New York Stock Exchange Oct. 29, 2012. Wall Street gets back to business tomorrow now that the storm has passed by NYC. How will investors react following the layoff?

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Hurricane Sandy left behind dramatic images of flooded tunnels and floating cars in lower Manhattan, but the floor of the New York Stock Exchange is dry enough to open for business Wednesday, along with other financial markets. At least, that's the plan.

The NYSE's all-electronic exchange will carry the load if anything goes wrong on the physical trading floor. Wednesday is an important day to get markets going again, because it's the last day of October. That means it's the final chance for firms to make moves to get their monthly statements where they want them.

"A lot of large institutions will want to make sure that they're properly positioned at the month end," says TABB Group senior analyst Paul Rowady.

End of month trading is just one reason University of Virginia business professor Marc Lipson expects ample activity on Wall Street. "Combined with a flow of news related to the storm and all that pent up information that still is being digested on business, there's gonna be a lot of people very interested in establishing positions," Lipson says.

But light trading is the prediction of Baruch College professor Bernard Donefer, who's the associate director of the school's simulated trading floor. "We may see a very strange kind of low-volume day," he says. Donefer says power and transit problems will keep some traders from being physically able to participate in the market. And he believes some investors will hang back, waiting out an uncertain market.

Whether trading can be frenzied or subdued depends on exchanges actually functioning. News stories have dramatically pointed out that this is the NYSE's first two-consecutive-day closing related to weather since 1888. But markets also close and reopen without incident for two consecutive days on a regular basis: Saturday and Sunday.

"We close our markets every week for two days and reopen them without any difficulty at all," says Larry Harris, professor at USC's Marshall School of Business and former Securities and Exchange Commission chief economist. "We'll reopen them after four days without much difficulty."

Tomorrow may not be a normal trading day. But in one sense, it's just back to business after a long, weird weekend.

Mark Garrison: Wednesday is an important day to get markets going again, not, of course, because it's Halloween.

Paul Rowady: Tomorrow, October 31st, is the end of the month and a lot of large institutions will want to make sure that they're properly positioned at the month end.

That's Paul Rowady of TABB Group. That October 401(k) statement you'll be getting depends on what happens tomorrow. That's just one reason Marc Lipson expects ample activity on Wall Street. He's a business professor at University of Virginia.

Marc Lipson: Combined with a flow of news related to the storm and all that pent up information that still is being digested on business, there's gonna be a lot of people very interested in establishing positions.

Baruch College professor Bernard Donefer predicts light trading.

Bernard Donefer: We may see a very strange kind of low-volume day.

He says some traders won't engage. Power and transit problems mean some physically can't. Other investors will hang back, waiting out an uncertain market. Whether trading can be frenzied or subdued depends on exchanges actually functioning. This is the first two-day weather closing since 1888, which

sounds pretty dramatic. But remember, markets do this dozens of times a year. As USC business school professor Larry Harris points out, it's called the weekend.

Larry Harris: We close our markets every week for two days and reopen them without any difficulty at all. We'll reopen them after four days without much difficulty either.

Tomorrow won't be a normal trading day. But in one sense, it's just back to business after a long, weird weekend. In New York, I'm Mark Garrison, for Marketplace.

About the author

Mark Garrison is a reporter based in Marketplace's New York bureau.