The Impact of 9/11 on Financial Risk, Volatility and Returns of Marine Firms

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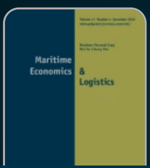

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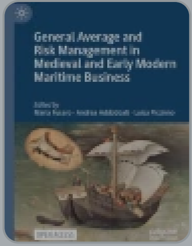
had an adverse effect on market risk and liquidity. As a whole, the increased financial risks are ancillary costs of 9/11. From a policy standpoint, policies that reduce these risks could produce ancillary secondary benefits.



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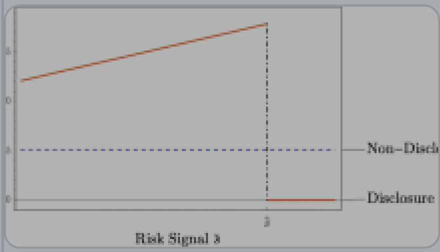

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4. All the reported beta coefficients in Table 2 were significant and based on the S&P 500 as the market proxy. None of the market models exhibited any serial correlation. This, of course, is as expected. Serial correlation implies current errors are correlated with past errors. This would be a violation of efficient markets since it implies predictability in stock prices. I also conducted a Chow breakpoint test using an earlier date of 9/1/01 and estimated betas for the time period between 9/01/00 through 8/31/01 and 9/4/01 through 10/31/02. The former time period is consistent with the model the paper uses to conduct an event study of 9/11 in the next section. The differences between the estimated betas from these models and the ones in Table 2 were infinitesimal. As above, the Chow breakpoint test was significant in seven cases and the results of the paired T-test were practically identical (t=6.0). I only report one set of results for space conservation purposes.

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