
The impact of terrorist attacks on international, global stock markets and on multiple and firm specific terrorism related events

a thesis submitted to attain the degree of
Bachelor of Arts in Banking and Finance
at University of Zurich

presented by
Manuel Trbovic

accepted on the recommendation of
Prof. Dr. Felix Kübler
Supervisor: **Luca Mazzone**
Department of Banking and Finance,
University of Zurich

January 2017

Abstract

The al Qaeda attacks on New York and Washington in September 2001 not only represented a watershed moment in the modus operandi or the impact of international terrorism upon the domestic and international community in terms of belligerence. However those attacks also act as a benchmark for the impact that they had upon international stock markets. This is a premise of this study which considers the possibility of significant negative abnormal returns of terrorism upon stock market trading.

Utilising event study methodologies this study assesses the impact of recent terrorist attacks in Paris, Brussels, Istanbul, and Boston in order to assess the possibility of negative trading returns. The attacks on these cities are assessed against the performance of the Paris CAC, London FTSE, and New York Dow Jones as core trading areas, as well as the Belgian BEL20 and the Istanbul based BIST 100 where appropriate.

The study finds that these attacks offered little short or long term negative returns with one causal reason being that terrorism is no longer considered as an event that can impact upon trading and returns. This is evidenced by the existence of the terrorism Index which factors in forecasting losses within the trading environment. Essentially, therefore, it is arguable whether terrorism offers the economic impact that was a major factor within the events of September 2001 and that, as such, that attack can be considered in isolation of other acts of terrorism.