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London mourns for its sister city New York

By Gideon Long

LONDON, Sept 12 (Reuters) - London bankers and brokers went about their work in subdued silence on Wednesday, many still coming to grips with the death of friends and colleagues in the staggering assaults on New York's World Trade Center.

Offices in Europe's financial capital were open as usual as investment houses chose to defy the attackers rather than shut their doors. A sense that "the show must go on" pervaded the Canary Wharf financial district in the once derelict docklands of east London.

But it was clearly not an ordinary day.

The London stock exchange and the city's International Financial Futures and Options Exchange observed a minute's silence at 1:45 p.m. (1245 GMT) in coordination with bourses across Europe.

The London Metal Exchange and the International Petroleum Exchange also stopped work for a minute out of respect for the victims of Tuesday's slaughter, expected to run into thousands.

Under leaden skies in the city's grey-stoned squares, traders sat in silence behind newspapers, digesting the full horror of reports from New York as they sipped coffee and distractedly munched their sandwiches.

"Lots of people I work with have colleagues in our U.S. offices and they were stunned," said 25-year-old Lorna Doodson of major U.S. investment bank Morgan Stanley. "Sheer horror. It's the not knowing that is the difficult thing."

Morgan Stanley employed about 3,500 people in the World Trade Center towers, which were levelled on Tuesday when two hijacked planes slammed

into them in a series of terror attacks that also partially destroyed the Pentagon in Washington.

Outside the firm's London offices, almost no one would talk to reporters. They brushed past and headed through revolving glass doors to seek more information about the victims.

Not everyone favoured the "business as usual" approach.

"It's amazing how people can trundle in to work after something like that," said one worker at Lloyd's of London, the world's biggest insurance market, which said it needed 48 hours to assess the impact of the tragedy.

Earlier, thousands of people filed out of underground

train stations in the half light of dawn under the gleaming new towers of Canary Wharf, a second home for the world's biggest financial services company, Citigroup Inc, investment bank Bear Stearns and the Bank of New York.

London bond trader James Scotcher, 24, said financial markets were not at the top of his mind.

"We deal with a lot of guys in the States and the whole market was very concerned for their safety," he said.

"Obviously people could have taken advantage of the situation to move the markets (on Tuesday), but the initial concern was for loss of human life."

Trains coming into Canary Wharf and the main financial precinct - the Square Mile, otherwise known as the City, at the ancient heart of London - were not as full as usual, as many workers decided to stay home, some almost certainly bereaved.

Some of those with friends or colleagues in the World Trade Centre have not been seen at their desks since news of the tragedy first beamed into London's offices on Tuesday afternoon.

London is the world's biggest financial capital outside New York and the two cities have strong ties. A world away from the Manhattan rubble, the sense of distress was palpable.

The daily flood of research notes dried to a trickle as slack-jawed analysts

struggled to get back into a routine.

In one of the few pieces of research to be published in Europe on Wednesday, Goldman Sachs broke with the usually bland language of the financial world, saying that the U.S. attacks turned its view of European stocks "on its head".

There was also a feeling of unreality as many people, looking up as they arrived for work, half expected to see their own buildings under attack.

Bank of America briefly cleared its London offices due to a security alert, and a fire alarm prompted nervous delegates to hurry out of a conference hall in Whitehall, home to the British civil service.

Banks including Deutsche Bank, JP Morgan Chase and Credit Suisse First Boston suspended business travel for their bankers, while Lehman Brothers and Dresdner Kleinwort Wasserstein advised against travel.

Trading continued on London's financial floors, although the market lacked direction. The main FTSE 100 index seesawed in a 230-point range, gaining nearly two percent by 1445 GMT.

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