

## Instant View: Osama Bin Laden Killed

Monday, 02 May 2011

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US President Barack Obama announced the news in a speech and said that bin Laden's body had been recovered following the US-led operation near Islamabad.

US stock futures rose about 0.7 percent, US Treasury and gold prices slipped, while the dollar rallied on the news.

### COMMENTS:

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Martin Indyk, vice president and director of foreign policy, Brookings Institution, Washington (Indyk is a former US assistant secretary of state for near eastern affairs):

Indyk described bin Laden's death as "a body blow" to al Qaeda.

"Their narrative is that violence and terrorism is the way to redeem Arab dignity and rights and what the people in the streets across the Arab world are doing is redeeming their rights and their dignity through peaceful protests, non-violent protests -- the exact opposite of what al Qaeda and Osama bin Laden has been preaching.

"He hasn't managed to overthrow any government, and they are overthrowing one after the other. I would say that the combination of the two puts al Qaeda in real crisis."

Rick "Ozzie" Nelson, Afghanistan veteran and fellow at the Centre for Strategic and International Studies, Washington:

"This is an incredible moment that has come after a long pursuit, with lots of resources and time invested. It is important to remember that before we project to the future (what this means), it is first and foremost justice delivered.

"It changes little in terms of on-the-ground realities -- by the time of his death, bin Laden was not delivering operational or tactical orders to the numerous al Qaeda affiliates across the world or the rising crop of "inspired" individuals.

"Its ultimate significance will be on a strategic/symbolic level. It's incumbent on the Obama administration to seize on this moment, especially amid the popular uprisings across the Middle East and North Africa. Bin Laden's death will not necessarily ensure the end of al Qaeda, but his death gives the international community an opportunity to end al Qaeda, as it could never be terminated without his death.

"Also, it is important in terms of what it could inspire in retaliation. The U.S. and its allies must be particularly vigilant in the following days, weeks, and perhaps, months as al Qaeda sympathizers and affiliates react to his death.

Joshua Foust, Central Asia Expert, American Security Project:

"I don't think this will change much. Osama bin Laden doesn't have an operational effect on the insurgency in Afghanistan, or on global terrorism. But if Obama is smart, he'll use this to declare a victory of sorts and push for a bigger, faster draw down.

"The real work starts now; if he really was killed in Islamabad, that's a big deal. (The government of Pakistan and the Inter Services Intelligence have) a lot of explaining to do if true."

Gopalapuram Parthasarthy, Former Indian High Commissioner to Pakistan, New Delhi:

"Are the Pakistanis now going to claim they did not know he was there in their country? Either they are incompetent or complicit in this.

"This is between the US and Pakistan. (In India) we'll be amused observers of Pakistan's mute protestations."

Leah Farrall, Al Qaeda analyst (former counter terrorism expert with the Australian federal police), Sydney:

"I think it (bin Laden's death) will have more of an impact on the United States and Pakistan and the strategic direction of the war in Afghanistan, rather than al Qaeda.

"There will be tremendous political pressure in the United States...to withdraw from Afghanistan. But with al Qaeda terrorist attacks continuing, nothing really needs to change."

While bin Laden was al Qaeda's head, its second in command Ayman al-Zawahri was in charge of terrorist operations, said Farrall.

"I don't imagine that al Qaeda's violence will stop. If any thing, I think it will continue because its violence, after bin Laden's death, will become even more of a brand," she said.

If bin Laden's death was the result of a joint US/Pakistan operation it will ease tensions between Washington and Islamabad, said Farrall.

Yasunari Ueno, Chief Market Economist, Mizuho Securities, Tokyo:

"Market participants are likely to react by buying stocks and selling bonds as the reports (on bin Laden's death) reflect an easing of geopolitical risk.

"But still there could be other attacks by terrorists who are not related to Al Qaeda.

"This news will have less impact than it would have done a decade ago, however."

Roger Tan, Head of Research, Sias Research, the equity arm of Securities Investors Association of Singapore, Singapore:

"Markets may react positively for a very short moment, and then start to fear other leaders may rise.

"This is a risk as other leaders may now try to do more to prove they are better than Osama and can lead the pack."

Tetsu Aikawa, deputy general manager of Capital Markets, Shinsei Bank, Tokyo:

"It is reasonable to expect an improvement in US consumer sentiment, but that may not be enough to change the course of the US economy. I don't expect the chance of less US involvement in Afghanistan to lead to an improvement in US public finances.

"This could increase flows into risk assets like yen and dollar carry trades. It's also possible for some European sovereigns spreads to tighten.

"Given the unrest in places like Syria and Yemen, there is still a chance of democracy spreading like dominoes through the Middle East and North Africa. In the short term this might be a cause of worry, but this is something that markets would welcome in the long term."

Imatiaz Gul, Security Analyst, Pakistan:

"Obviously his (Osama bin Laden) supporters wherever they are, they would try to stage some sort of protest, but I don't really expect any sort of large protests.

"The common Pakistani is so hard-pressed right now because of the other problems and there is only a small portion of support for Osama bin Laden, because of the way this has affected the country in the last 10 years."

"For some time there will be a lot of tension between Washington and Islamabad because bin Laden seems to have been living here close to Islamabad. If the ISI (Inter Services Intelligence) had known then somebody within the ISI must have leaked this information. Pakistan will have to do a lot of damage control because the Americans have been reporting he is in Pakistan and he turns out to be in Islamabad. This is a serious blow to the credibility of Pakistan."

Rodolfo Mendoza, President, Philippines Institute on Peace, Violence And Terrorism Research, Philippines:

"It's a major tactical victory for the US security community, but I expect that the disruption to al Qaeda terror operations will be temporary. I still don't see the end yet for global Islamist militancy."

"Osama bin Laden is a global symbol of Islamist extremism but there could be other militants lining up to replace him.

"He had established a wide network moving independently but with the same goal in the Middle East, Pakistan, Afghanistan and even in Southeast Asia."

Chip Hanlon, President, Delta Global Advisors, Huntington Beach, California:

"I'm not sure there will be much of a market reaction. He is a figurehead and there is a feel good value in knowing he is gone. But most people think (al Qaeda deputy Ayman) al-Zawahri has been running it for a while now.

"There some feel good value and market will like that. There will be a boost for the appropriate politicians, primarily the commander in chief. It doesn't change much about the energy situation and doesn't change much about the ongoing battle with radical Islamists.

"It's sort of like the news when we heard Saddam was caught, in the end it didn't change much fundamentally and I don't think this will either."

Ken Hasegawa, commodity derivatives sales manager, Newedge, Tokyo:

"Absent other news, the death sparked selling in oil and gold, and buying in stocks. But it has only had a passing impact and the markets will eventually return to normal.

"It's not that bin-Laden suspended the crude oil production, although he had some influence as a whole. But it does not mean that all the terrorism acts will be gone because of this."

Mohamed el-Erian, chief executive officer and co-chief investment officer, PIMCO:

"In reflecting the news on Bin Laden, markets will balance the durable impact of a reduction in a security risk with the possibility of isolated disturbances in some parts of the Middle East and central Asia."

"By lowering national security risks overall, this is likely to bolster equity markets and lower US Treasury prices in a reverse flight to quality movement."

"Oil markets are likely to be the most volatile given their higher sensitivity to the tug of war between lower risk overall and the possibility of isolated disturbances in some parts of the Middle East and central Asia."

Peter Kenny, Managing Director, Knight Capital Group Jersey City, New Jersey:

"Geopolitically this will have an enormous impact on unrest in the Middle East. It won't be purely positive for markets because it could lead to further instability in the Middle East.

"It certainly will help the flagging fortunes of the current president of the United States. Generally speaking markets will have a very positive view of this and it will be well deserved.

"(US) markets have evolved beyond Osama bin Laden to the extent that they have reverted back to traditional metrics of risk and it's all about earnings."

Larry Sabato, Professor of Political Science, University of Virginia (Comment on Twitter):

"This is a giant political plus for Barack Obama."

"Almost 100 percent of Obama's political enemies will cheer him for this one. Imagine the 2012 TV ad."

David Lennox, commodities and mining analyst, Fat Prophets, Sydney:

"There is always a reaction in commodities to news of this nature. The markets will always react quickly, and in this case it is someone who has been held out as the father of all terrorism.

"But any easing we might see in oil or gold markets, in my view will be short-lived. The longer-term impact will not be

substantial."

Jonathan Barratt, Managing Director, Commodity Broking Services, Sydney:

"It is all about erosion of risk premium. If Osama is taken out, you are going to see risk premium being wiped out from the market. It is going to bring down oil prices by \$5 to \$10 if people warrant that risk premium is important."

Tomomichi Akuta, senior economist, Mitsubishi UFJ Research and Consulting, Tokyo: (On oil markets)

"This is a bear factor. I take this as a factor that would ease worries about geopolitical risks."

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