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Share prices fall around the world

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15th March, 2007

THE ARTICLE

Share prices fall around the world

The world's major stock markets recorded large losses yesterday because of fears about the U.S. economy. Many American homeowners are having problems repaying their housing loans, and this is making investors worry that the US economy is slowing down. There was a large sell-off of shares on Wall Street, which saw its second-biggest drop in four years. This sent waves of panic around Asian and European markets, where share prices also fell sharply. Stocks in Japan, Hong Kong and South Korea dropped by more than two percent. Other Asian countries experienced bigger losses. Values in India, Singapore and the Philippines tumbled by over three percent. Europe did not escape. London's FTSE index and France's CAC 40 both lost 1.7 percent, while Germany's DAX was 1.8 per cent lower.

The poor performances follow bad times in Indian and Chinese trading last month, when both markets suffered heavy falls. However, analysts say that Asia's economies remain strong. They believe the recent declines in stock prices were simply corrections to cool markets that were becoming too hot. David Cohen, chief economist of the Action Economics consultancy in Singapore, said the current mini-crisis is only because of nervousness among investors. Many people are worried that the recent stock boom is over. They fear that the record prices of last year might now be at their peak and share prices would continue to tumble. Mr. Cohen thinks not. He predicts the markets will rebound and the world economy will continue to grow.

WARM-UPS

1. MONEY: Walk around the class and find out what other students think of money. Ask them (a) how their opinions have changed since they were a child and (b) what they think the world would be like without money. Sit with your partner(s) and share your findings.

2. CHAT: In pairs / groups, decide which of these topics or words from the article are most interesting and which are most boring.

stock markets / economies / homeowners / housing loans / Wall Street / waves / bad times / economists / crises / nervousness / investors / peaks / growth

Have a chat about the topics you liked. For more conversation, change topics and partners frequently.

3. STOCKS: With your partner(s), talk about which of these stocks you buy. Rate them from 1 (a must buy) to 10 (a definite no-no). Explain your ratings to your partner(s).

- a tobacco company
- a mobile phone company
- a paper company
- an airline
- a Chinese bank
- a nuclear power company
- a company that makes guns
- BreakingNewsEnglish.com
- a fast food chain
- the company that makes Viagra

4. INVESTORS: Imagine you are an investor and your partner is an investment analyst. Decide how much money you have and what lifestyle you want. Together, talk about your future and how you could make a lot of money. Show your "investment plans" to other students to get their advice.

5. TWO-MINUTE DEBATES: Have these fun debates with your partners. Students A agree with the first argument; students B, the second. Change partners and topics every two minutes.

- a. Keeping your cash under the bed is best. Vs. It's important to invest money.
- b. Stocks and shares are too risky. Vs. Most people make money from stocks.
- c. Investors are good people. Vs. Investors are greedy people.
- d. Money makes the world go round. Vs. Money is the root of all evil.
- e. Stock brokers get paid too little. Vs. Stock brokers get paid too much.
- f. Stock markets and shares are boring. Vs. Stocks and shares are interesting.

6. WALL STREET: Spend one minute writing down all of the different words you associate with Wall Street. Share your words with your partner(s) and talk about them. Together, put the words into different categories.

BEFORE READING / LISTENING

1. TRUE / FALSE: Look at the article's headline and guess whether these sentences are true (T) or false (F):

- | | |
|--|-------|
| a. Stock markets around the world fell by record levels. | T / F |
| b. Fears about the U.S. economy was the reason for the falls. | T / F |
| c. The losses sent waves of panics around Asia and Europe. | T / F |
| d. European losses were generally smaller than Asian losses. | T / F |
| e. Indian and Chinese markets performed very well last month. | T / F |
| f. Analysts say Asian economies are in good shape. | T / F |
| g. An economist said the losses are corrections to strong markets. | T / F |
| h. The same economist said the world economy is set to decline. | T / F |

2. SYNONYM MATCH: Match the following synonyms from the article:

- | | |
|------------------|-------------|
| a. fears | get away |
| b. housing loans | big |
| c. panic | bounce back |
| d. tumbled | mortgages |
| e. escape | calm down |
| f. heavy | concerns |
| g. declines | fell |
| h. cool | height |
| i. peak | alarm |
| j. rebound | falls |

3. PHRASE MATCH: Match the following phrases from the article (sometimes more than one combination is possible):

- | | |
|-------------------------------------|---------------------------------------|
| a. stock markets recorded | experienced bigger losses |
| b. home-owners are having | that were becoming too hot |
| c. This sent waves of panic | will rebound |
| d. Other Asian countries | now be at their peak |
| e. The poor performances follow bad | around Asian and European markets |
| f. analysts say that Asia's | because of nervousness |
| g. corrections to cool markets | large losses yesterday |
| h. the current mini-crisis is only | economies remain strong |
| i. record prices of last year might | problems repaying their housing loans |
| j. He predicts the markets | times in Indian and Chinese trading |

WHILE READING / LISTENING

GAP FILL: Put the words into the gaps in the text.

Share prices fall around the world

The world's _____ stock markets recorded large losses yesterday because of fears about the U.S. economy. Many American homeowners are having problems _____ their housing loans, and this is making investors worry that the US economy is slowing _____. There was a large sell-off of shares on Wall Street, which _____ its second-biggest drop in four years. This sent waves of panic around Asian and European markets, where share prices also _____ sharply. Stocks in Japan, Hong Kong and South Korea dropped by more than two percent. Other Asian countries experienced bigger _____. Values in India, Singapore and the Philippines tumbled by over three percent. Europe did not _____. London's FTSE index and France's CAC 40 both lost 1.7 percent, while Germany's DAX was 1.8 per cent _____.

losses
saw
repaying
lower
major
fell
escape
down

The poor performances _____ bad times in Indian and Chinese trading last month, when both markets suffered _____ falls. However, analysts say that Asia's economies remain strong. They believe the recent _____ in stock prices were simply corrections to _____ markets that were becoming too hot. David Cohen, _____ economist of the Action Economics consultancy in Singapore, said the current mini-crisis is only because of nervousness among investors. Many people are worried that the recent stock _____ is over. They fear that the record prices of last year might now be at their peak and share prices would _____ to tumble. Mr. Cohen thinks _____. He predicts the markets will rebound and the world economy will continue to grow.

continue
heavy
boom
cool
not
follow
chief
declines

LISTENING

Listen and fill in the spaces.

Share prices fall around the world

The world's major stock markets recorded _____ yesterday because of fears about the U.S. economy. Many American homeowners are having _____ their housing loans, and this is making investors worry that the US economy is slowing down. There was a _____ shares on Wall Street, which saw its second-biggest drop in four years. This sent _____ around Asian and European markets, where share prices also fell sharply. Stocks in Japan, Hong Kong and South Korea dropped by more than two percent. Other Asian countries experienced _____. Values in India, Singapore and the Philippines tumbled by over three percent. Europe did not escape. London's FTSE index and France's CAC 40 _____, while Germany's DAX was 1.8 per cent lower.

The poor performances _____ in Indian and Chinese trading last month, when both markets suffered heavy falls. However, _____ that Asia's economies remain strong. They believe the recent declines in stock prices were simply corrections _____ that were becoming too hot. David Cohen, chief economist of the Action Economics consultancy in Singapore, said _____ is only because of nervousness among investors. Many people are worried that the recent stock boom is over. They fear that the record prices of last year might now _____ and share prices would continue to tumble. Mr. Cohen thinks not. He predicts the markets _____ the world economy will continue to grow.

AFTER READING / LISTENING

1. WORD SEARCH: Look in your dictionaries / computer to find collocates, other meanings, information, synonyms ... for the words 'share' and 'price'.

- Share your findings with your partners.
- Make questions using the words you found.
- Ask your partner / group your questions.

2. ARTICLE QUESTIONS: Look back at the article and write down some questions you would like to ask the class about the text.

- Share your questions with other classmates / groups.
- Ask your partner / group your questions.

3. GAP FILL: In pairs / groups, compare your answers to this exercise. Check your answers. Talk about the words from the activity. Were they new, interesting, worth learning...?

4. VOCABULARY: Circle any words you do not understand. In groups, pool unknown words and use dictionaries to find their meanings.

5. STUDENT "STOCK MARKET" SURVEY: In pairs / groups, write down questions about stocks, shares and investments.

- Ask other classmates your questions and note down their answers.
- Go back to your original partner / group and compare your findings.
- Make mini-presentations to other groups on your findings.

6. TEST EACH OTHER: Look at the words below. With your partner, try to recall exactly how these were used in the text:

<ul style="list-style-type: none">• recorded• problems• sent• sharply• tumbled• escape	<ul style="list-style-type: none">• heavy• cool• chief• boom• peak• grow
---	---

DISCUSSION

STUDENT A's QUESTIONS (Do not show these to student B)

- a) What did you think when you read the headline?
- b) Are you interested in stocks and shares?
- c) Do you look at the pages with market information in newspapers or on the Internet?
- d) What do you think of the news that share prices around the world are falling?
- e) Why do you think problems with homeowners in the USA cause share prices to fall in Asia and Europe?
- f) Would you like to work on Wall Street?
- g) Have you ever invested any money?
- h) Who do you think suffers most when stock prices fall?
- i) Do you think investors need to worry about the share prices fall?
- j) Do you worry about the performance of the U.S. economy?



STUDENT B's QUESTIONS (Do not show these to student A)

- a) Did you like reading this article?
- b) Do you think you'd be a cautious or adventurous investor?
- c) Would you like a job buying and selling shares?
- d) What is your image of the four markets mentioned in the article?
- e) Do you understand why markets become too hot and cool down?
- f) What kinds of companies would you like to invest in?
- g) What part do stock markets play in the world economy?
- h) Would you prefer to invest in up-and-coming economies, like India, Brazil and China, or established markets like the USA?
- i) Do you think the markets will rebound and the world economy will continue to grow?
- j) Did you like this discussion?

AFTER DISCUSSION: Join another partner / group and tell them what you talked about.

- a) What was the most interesting thing you heard?
- b) Was there a question you didn't like?
- c) Was there something you totally disagreed with?
- d) What did you like talking about?
- e) Which was the most difficult question?

SPEAKING

INVESTMENTS:

You are an investment expert. Talk with the other “investment experts” in your group. Decide which is the best combination of these investments to make a portfolio and why – choose just four. Change partners and show each other your recommendations. Whose is best?

The Investments	Your opinion of them
Stocks and shares	
Property in China	
Gold	
US Dollars	
Art	
Your idea _____	

LANGUAGE

CORRECT WORD: Put the correct words from a–d below in the article.

Share prices fall around the world

The world's (1) _____ stock markets recorded large losses yesterday because of fears about the U.S. economy. Many American homeowners are having problems repaying their housing (2) _____, and this is making investors worry that the US economy is slowing down. There was a large sell-(1) _____ of shares on Wall Street, which saw its second-biggest drop in four years. This sent waves of panic around Asian and European markets, where share prices also fell (4) _____. Stocks in Japan, Hong Kong and South Korea dropped by more than two percent. Other Asian countries experienced bigger losses. Values in India, Singapore and the Philippines tumbled (5) _____ over three percent. Europe did not escape. London's FTSE index and France's CAC 40 both lost 1.7 percent, (6) _____ Germany's DAX was 1.8 per cent lower.

The poor performances follow bad times in Indian and Chinese trading last month, when both markets suffered (7) _____ falls. However, analysts say that Asia's economies (8) _____ strong. They believe the recent declines in stock prices were simply corrections to cool markets that were becoming too (9) _____. David Cohen, chief economist of the Action Economics consultancy in Singapore, said the current mini-crisis is only because of nervousness (10) _____ investors. Many people are worried that the recent stock boom is over. They fear that the record prices of last year might now be (11) _____ their peak and share prices would continue to tumble. Mr. Cohen thinks not. He predicts the markets will rebound and the world economy will continue to (12) _____.

- | | | | | |
|-----|-----------------|--------------|---------------|----------------|
| 1. | (a) mayor | (b) majority | (c) major | (d) minor |
| 2. | (a) lanes | (b) loans | (c) lends | (d) borrows |
| 3. | (a) off | (b) on | (c) in | (d) out |
| 4. | (a) sharp | (b) sharply | (c) shape | (d) bluntly |
| 5. | (a) from | (b) with | (c) as | (d) by |
| 6. | (a) while | (b) when | (c) wherever | (d) where |
| 7. | (a) heavily | (b) heavy | (c) heaviness | (d) heavies |
| 8. | (a) remaining | (b) still | (c) remain | (d) survive |
| 9. | (a) overheating | (b) warmth | (c) heat | (d) hot |
| 10. | (a) both | (b) all | (c) among | (d) surrounded |
| 11. | (a) inside | (b) in | (c) on | (d) at |
| 12. | (a) grow | (b) growing | (c) growth | (d) grows |

HOMEWORK

1. VOCABULARY EXTENSION: Choose several of the words from the text. Use a dictionary or Google's search field (or another search engine) to build up more associations / collocations of each word.

2. INTERNET: Search the Internet and find more information about stock markets. Talk about what you discover with your partner(s) in the next lesson.

3. LITERATURE POSTER: Make a poster about the different stock markets of the world. What is the history of Wall Street, the SENSEX, the CAC 40, etc? Show your poster to your class in the next lesson. Vote on the best one(s).

4. MAGAZINE ARTICLE: Write a magazine article about investments. Read what you wrote to your classmates in the next lesson. Which article was best and why?

5. LETTER: You want to invest in stocks and shares. Write a letter to an investment analyst. Ask him/her for advice on three different worries you have. Tell him/her what you want to invest in. Read your letter to your partner(s) in your next lesson. Your partner(s) will answer your questions.

ANSWERS

TRUE / FALSE:

- a. F b. T c. F d. T e. F f. T g. T h. F

SYNONYM MATCH:

- | | |
|------------------|-------------|
| a. fears | concerns |
| b. housing loans | mortgages |
| c. panic | alarm |
| d. tumbled | fell |
| e. escape | get away |
| f. heavy | big |
| g. declines | falls |
| h. cool | calm down |
| i. peak | height |
| j. rebound | bounce back |

PHRASE MATCH:

- | | |
|-------------------------------------|---------------------------------------|
| a. stock markets recorded | large losses yesterday |
| b. home-owners are having | problems repaying their housing loans |
| c. This sent waves of panic | around Asian and European markets |
| d. Other Asian countries | experienced bigger losses |
| e. The poor performances follow bad | times in Indian and Chinese trading |
| f. analysts say that Asia's | economies remain strong |
| g. corrections to cool markets | that were becoming too hot |
| h. the current mini-crisis is only | because of nervousness |
| i. record prices of last year might | now be at their peak |
| j. He predicts the markets | will rebound |

GAP FILL:

Share prices fall around the world

The world's **major** stock markets recorded large losses yesterday because of fears about the U.S. economy. Many American homeowners are having problems **repaying** their housing loans, and this is making investors worry that the US economy is slowing **down**. There was a large sell-off of shares on Wall Street, which **saw** its second-biggest drop in four years. This sent waves of panic around Asian and European markets, where share prices also **fell** sharply. Stocks in Japan, Hong Kong and South Korea dropped by more than two percent. Other Asian countries experienced bigger **losses**. Values in India, Singapore and the Philippines tumbled by over three percent. Europe did not **escape**. London's FTSE index and France's CAC 40 both lost 1.7 percent, while Germany's DAX was 1.8 per cent **lower**.

The poor performances **follow** bad times in Indian and Chinese trading last month, when both markets suffered **heavy** falls. However, analysts say that Asia's economies remain strong. They believe the recent **declines** in stock prices were simply corrections to **cool** markets that were becoming too hot. David Cohen, **chief** economist of the Action Economics consultancy in Singapore, said the current mini-crisis is only because of nervousness among investors. Many people are worried that the recent stock **boom** is over. They fear that the record prices of last year might now be at their peak and share prices would **continue** to tumble. Mr. Cohen thinks **not**. He predicts the markets will rebound and the world economy will continue to grow.

LANGUAGE WORK

- 1 - c 2 - b 3 - a 4 - b 5 - d 6 - a 7 - b 8 - c 9 - d 10 - c 11 - d 12 - a