

37 Trading

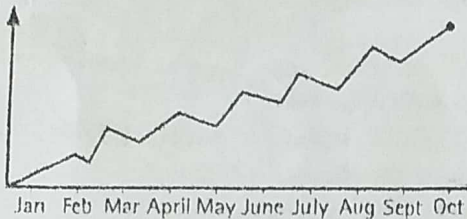
A Market indexes

If there is **demand** for shares in a company, for example because it is doing well, its **share price** goes up. If not, its price goes down. The overall value of shares traded on a stock market is shown by an **index** (plural: **indexes** or **indices**). Some of the main ones are:

- | | |
|--|-------------------------|
| 1 London: FTSE (pronounced 'Footsie'): the Financial Times Stock Exchange index. | 4 Paris: CAC 40. |
| 2 New York: the Dow Jones Industrial Average ('the Dow'). Especially long-established 'old economy' companies. | 5 Frankfurt: DAX. |
| 3 New York: NASDAQ. Especially hi-tech 'new economy' companies. | 6 Hong Kong: Hang Seng. |
| | 7 Tokyo: Nikkei. |

B Market activity: good times ...

Trading has been heavy on the New York Stock Exchange, with very high **turnover** of one and a half billion shares **changing hands**. We've seen **spectacular gains**, especially among **blue chips**.



This **bull market** seems set to continue, after yesterday's **record high** at the **close**. Dealers seem **bullish** and expect the Dow to **go through** the 15,000 **barrier** soon.

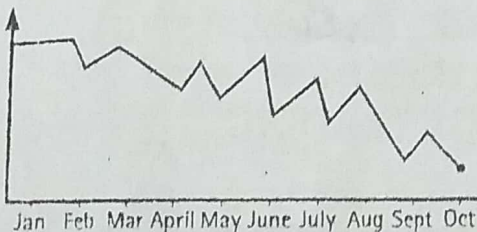
'Translation'

- = buying and selling of shares ...
- = large number ...
- = being bought and sold ...
- = big increases in value ... famous companies with history of profit in good and bad economic times
- = rising prices ...
- = highest level ever ...
- = end of the working day ...
- = optimistic ...
- = to pass the 'round' number of ...

C ... and bad times

There was **panic selling** on the New York Stock Exchange today as prices fell to **new five-year lows**. We've seen some **spectacular declines**, with billions of dollars **wiped off** the **value** of some of America's best-known companies, and more than 10 per cent of **total market capitalization**.

The **bear market** continues, with prices set to fall **further** in the next few days. Dealers are **bearish**, with many saying there is **no sign of a rally**. If prices continue to fall, there may be another **stock market collapse** or **crash**, like the ones in 1929 and 1987.



'Translation'

- = selling shares for any price ...
- = their lowest point for five years ...
- = large decreases ...
- = taken off the total share value ...
- = the total value of shares listed on the market going down by 10 per cent ...
- = falling prices ...
- = pessimistic ...
- = prices starting to rise again ...
- = very serious drop in the value of shares on the market, with serious economic consequences ...

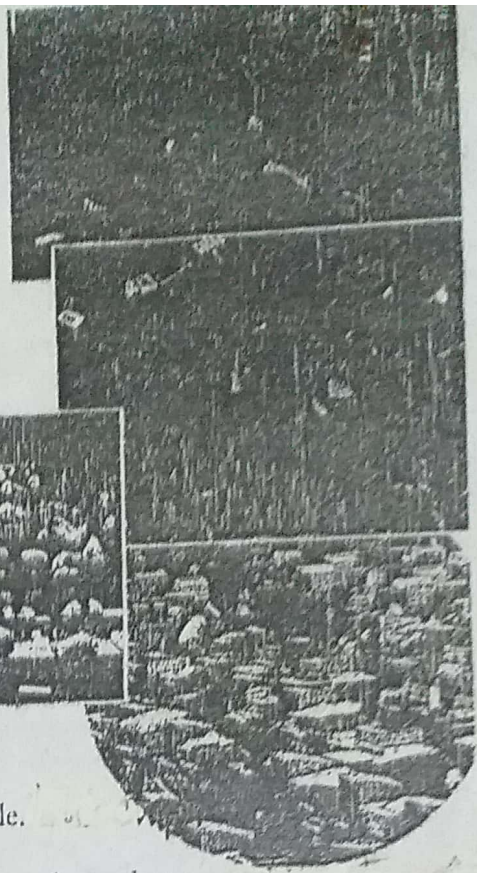
Note: The following words have a similar meaning.

Verb	Noun
to rally	a rally
to recover	a recovery

a

37.1 Complete this financial report using expressions from A opposite.

Yesterday in Asia, in (1) the Hang Seng closed 1.6 per cent up at 15,657 exactly. In Tokyo the (2) was also up, at 15,747.20. In (3) last night, the (4) closed 1.8 per cent higher at 10,824 exactly, and the hi-tech (5) index was 3.3 per cent up at 3,778.32. Turning now to Europe, in early trading in (6), the FTSE is 0.1 per cent down at 6,292.80. The French (7) index is also slightly down at 6,536.85. The (8) in Germany, however, is 0.1 per cent higher at 6,862.85.



37.2 Use expressions from B opposite to describe:

- 1 shares in companies like IBM, Kodak, and Procter and Gamble.
- 2 buying and selling of shares on a stock market.
- 3 a day with twice as many shares sold as usual on a particular stock market.
- 4 shares that were worth \$15 and are now worth \$110.
- 5 a period when the stock market index has gone from 20,000 to 25,000.
- 6 the feelings of dealers who are optimistic that prices will continue to rise
- 7 when a stock market index reaches 25,500 for the first time
- 8 the level on a stock market index which may be difficult for shares to pass.

37.3 Complete these headlines with expressions from C opposite.

1 TECHNOLOGY STOCKS SEE BIG ...

5 AS INVESTORS RUSH TO SELL AT ANY PRICE

2 SHARES CONTINUE TO SLIDE: MARKET MAY END IN

6 PRICES CONTINUE TO FALL WITH NO SIGN OF ON THE HORIZON

3 SHARE PRICES AT TWO-YEAR

7 BILLIONS ... OFF SHARES IN NERVOUS TRADING

4 DEALERS ... AS MARKET SENTIMENT CONTINUES TO WORSEN

Over to you

Is it usual in your country for ordinary people to own shares? Do people follow the stock market closely?

b