China reduces interest rates to boost slowing economic growth

Description

China recently announced cuts to lending rates in an effort to stimulate the economy. The one-year loan prime rate was lowered to 3.35%, the first cut since August last year. The five-year equivalent was also reduced to 3.85%. These moves came after the central bank reduced the reverse repo rate to 1.7%. Policymakers hope these actions will support the real economy, which has been struggling due to a slowdown in property and weak consumption.

Experts believe these rate cuts are a step in the right direction, but additional measures may be needed to truly boost economic activity. Despite the cuts, there are concerns about the effectiveness of such actions without broader policy reforms.

China's rate-setting framework has evolved in recent years, with rates like the LPR now linked to a medium-term lending facility. The government has also allowed state-owned enterprises to buy unsold housing to combat the property slowdown. However, more support may be needed to fully revive investor and consumer confidence.

Vocabulary List:

1. **Stimulate** /ˈstɪmjʊleɪt/ (verb): To encourage or support the development of something.
2. **Policymakers** /ˈpɒlɪsiˌmeɪkərz/ (noun): Individuals or groups responsible for the creation of policies.
3. **Consumption** /kənˈsʌmpʃən/ (noun): The act of using up a resource or commodity.
4. **Reforms** /rɪˈfɔːrmz/ (noun): Changes intended to improve a system or situation.
5. **Framework** /ˈfreɪmˌwɜrk/ (noun): A basic structure underlying a system or concept.
6. **Revive** /rɪˈvaɪv/ (verb): To bring back to life consciousness or full strength.

Comprehension Questions

Multiple Choice

1. What was the one-year loan prime rate lowered to by China?

   Option: 2.35%
   Option: 3.15%

Option: 3.35%
Option: 4.05%

2. What was the five-year loan prime rate reduced to by China?

Option: 2.85%
Option: 3.45%
Option: 3.75%
Option: 3.85%

3. What rate did the central bank lower to 1.7% before the loan prime rate cuts?

Option: Repo rate
Option: Reverse repo rate
Option: Discount rate
Option: Federal funds rate

4. What do policymakers hope the rate cuts will support?

Option: Stock market
Option: Real economy
Option: Foreign investments
Option: Government spending

5. What concerns do experts have despite the rate cuts in China?

Option: Inflation may rise
Option: Economic activity remains weak
Option: Unemployment is decreasing
Option: Exports are booming

6. What has China's rate-setting framework evolved to in recent years?

Option: Fixed interest rates
Option: Floating interest rates
Option: Linked to a medium-term lending facility
Option: Unregulated rates

Answer

Multiple Choice: 1. 3.35% 2. 3.85% 3. Reverse repo rate 4. Real economy 5. Economic activity remains weak 6. Linked to a medium-term lending facility

Vocabulary quizzes

Multiple Choice (Select the Correct answer for each question.)

1. What financial term refers to the profits a company makes?

   Option: Outage
   Option: Earnings
   Option: Rebound
   Option: Penalized

2. Which term is associated with the cost of borrowing money or the return on investment?

   Option: Misinformation
   Option: Interest
   Option: Trends
   Option: Debunked

3. What term is used to describe the use of goods and services by households?

   Option: Framework
   Option: Consumption
   Option: Reforms
   Option: Adjustments

4. Which term refers to changes or amendments made to existing policies or procedures?

   Option: Beneficiaries
   Option: Reforms
   Option: Policymakers
   Option: Surpassed

5. What term is used to describe a decrease or reduction in value quantity or quality?

   Option: Rallied
   Option: Expectations
   Option: Decline
   Option: Disappointing

6. Which term refers to help or support provided to someone or something?

   Option: Revive
   Option: Assistance
   Option: Vulnerability
   Option: Disruption

7. What term is used to describe a period when a service or equipment is unavailable or not functioning?

   Option: Stimulate
   Option: Outage
   Option: Apology

Option: Adjustments

8. Which term means to exceed or go beyond a certain level or standard?

    Option: Interest
    Option: Surpassed
    Option: Margins
    Option: Vulnerability

9. What term refers to the difference between the cost price and the selling price of a product?

    Option: Earnings
    Option: Misinformation
    Option: Margins
    Option: Adjustments

10. Which term means to seek information or advice from an expert or professional?

    Option: Rally
    Option: Consult
    Option: Clarified
    Option: Revive

Gap-Fill (Fill in the blanks with the correct word from the vocabulary list.)

11. Companies may need to make ________________________ to their strategies in response to market changes.

12. The spokesperson ________________________ the statements made earlier to provide more accurate information.

13. The new marketing campaign aims to ________________________ interest in the brand among younger audiences.

14. ________________________ are responsible for creating and implementing laws and regulations.

15. The recent data breach exposed the ________________________ of the company’s cybersecurity measures.

16. The strike by workers caused a major ________________________ in the production schedule.

17. Fact-checking websites aim to debunk ______________________ circulating on social media.

18. The new scholarship program will benefit many ______________________ from underprivileged backgrounds.

19. The government has established a ______________________ for sustainable development goals.

20. Tax incentives are often used to ______________________ economic growth in specific industries.

Matching Sentences (Match each definition to the correct word from the vocabulary list.)

21. After a period of recession the economy showed signs of recovery and growth.
22. The myth about the effectiveness of that product was proven false with scientific evidence.
23. Analysts study market patterns and consumer behavior to identify future movements.
24. The team came together and performed exceptionally well under pressure.
25. The company's performance exceeded what investors had anticipated for the quarter.
26. The CEO issued a formal statement expressing regret for the lapses in customer service.
27. Despite facing multiple challenges the business showed a strong ability to recover and adapt.
28. Global markets are highly with developments in one region affecting others.
29. Investors eagerly awaited the company's financial report to know its profits and losses.
30. Individuals who violate company policies may face disciplinary actions or fines.

Answer

Multiple Choice: 1. Earnings 2. Interest 3. Consumption 4. Reforms 5. Decline 6. Assistance 7. Outage 8. Surpassed 9. Margins 10. Consult
Gap-Fill: 11. Adjustments 12. Clarified 13. Revive 14. Policymakers 15. Vulnerability 16. Disruption 17. Misinformation 18. Beneficiaries 19. Framework 20. Stimulate
Matching sentence: 1. Rebound 2. Debunked 3. Trends 4. Rallied 5. Expectations 6. Apology 7. Resilient 8. Interconnected 9. Earnings 10. Penalized

CATEGORY

1. Business - LEVEL2

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Author
aimeeyoung99