



Federal Reserve's Latest Inflation Forecast Hits Wall Street Hard

Description

For much of the past three years, Wall Street's bullish trajectory seemed unassailable. However, in recent months, major indices such as the S&P 500, Nasdaq Composite, and Dow Jones Industrial Average have encountered significant volatility, having recently achieved milestones of 7,000, 24,000, and 50,000, respectively. In contrast, the past six weeks have proven tumultuous for investors, with the Dow and Nasdaq briefly entering correction territory while the S&P 500 neared a double-digit decline, largely due to uncertainties stemming from the ongoing conflict in Iran.

On February 28, military operations initiated by U.S. and Israeli forces against Iran led to the closure of the Strait of Hormuz, a vital waterway through which approximately 20% of global oil exports pass daily. This disruption has exacerbated supply concerns, driving crude oil prices to significant highs and prompting rapid responses in the market.

Consequently, consumers are witnessing higher petrol prices, with the national average for regular gas leaping 36% to \$4.08 per gallon. Diesel has seen an even sharper increase, rising 46% to \$5.51 per gallon. While elevated gas prices will undoubtedly strain consumer finances, economists express greater concern over the broader inflationary effects stemming from this energy crisis, which could destabilise financial markets.

As the situation unfolds, the Federal Reserve is facing increasing scrutiny regarding its inflation forecasts. March inflation figures are expected to reveal a rise from the previous 12-month rate of 2.4%, potentially reaching around 3.25%. Analysts foresee that this sharp increase may compel the Federal Reserve to reconsider its interest rate policies, with the prospect of rate hikes emerging as a distinct possibility.

Vocabulary List:

1. **volatility** //ˌvɒlə'tɪlɪti// (noun): fast or large changes in price or value
2. **correction** //kə'rekʃən// (noun): a fall in stock prices after a rise
3. **disruption** //dɪs'rʌpʃən// (noun): something that stops normal activity or supply
4. **exacerbated** //ɪg'zæsə'reɪtɪd// (verb): made a problem or situation worse
5. **inflationary** //ɪn'fleɪʃə,nəri// (adjective): likely to make prices rise across the economy
6. **scrutiny** //ˈskru:təni// (noun): careful and close examination or study

Comprehension Questions



Multiple Choice

1. Which major indices have encountered significant volatility recently?

- Option: S&P 500
- Option: Dow Jones Industrial Average
- Option: Nasdaq Composite
- Option: All of the above

2. What is the national average price for regular gas mentioned in the text?

- Option: \$3.50
- Option: \$4.08
- Option: \$5.51
- Option: \$2.75

3. What percentage of global oil exports pass through the Strait of Hormuz?

- Option: 10%
- Option: 15%
- Option: 20%
- Option: 25%

4. Who initiated military operations against Iran on February 28?

- Option: U.S. and British forces
- Option: U.S. and Israeli forces
- Option: NATO forces
- Option: U.N. forces

5. What is the anticipated inflation rate for March?

- Option: 2.4%
- Option: 3.0%
- Option: 3.25%
- Option: 4.0%

6. What is the increase in diesel prices mentioned?

- Option: 36%
- Option: 46%
- Option: 50%
- Option: 30%



True-False

7. The Dow and Nasdaq have avoided correction territory recently.
8. Crude oil prices have significantly decreased due to the conflict in Iran.
9. Consumers are experiencing higher petrol prices as a result of the energy crisis.
10. The Federal Reserve is currently unconcerned about inflation forecasts.
11. March inflation figures are expected to show a rise from the previous year's rate of 2.4%.
12. The Strait of Hormuz plays a minor role in global oil exports.

Gap-Fill

13. The national average for regular gas has leaped _____ to \$4.08 per gallon.
14. Approximately _____ of global oil exports pass through the Strait of Hormuz.
15. The Dow and Nasdaq briefly entered _____ territory in recent months.
16. Military operations by U.S. and Israeli forces against Iran started on _____ 28.
17. Analysts predict that inflation could reach around _____ for March.
18. Diesel prices have risen _____ to \$5.51 per gallon.

Answer

Multiple Choice: 1. All of the above 2. \$4.08 3. 20% 4. U.S. and Israeli forces 5. 3.25% 6. 46%

True-False: 7. False 8. False 9. True 10. False 11. True 12. False

Gap-Fill: 13. 36% 14. 20% 15. correction 16. February 17. 3.25% 18. 46%

Vocabulary quizzes



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

1. What term describes the degree of variation of a trading price series over time?
Option: Stability
Option: Volatility
Option: Consistency
Option: Uniformity
2. What is the term for a decline of 10% or more in the price of a security from its most recent peak?
Option: Adjustment
Option: Correction
Option: Contraction
Option: Recession
3. What word describes an event that radically changes an industry or market?
Option: Stability
Option: Innovation
Option: Disruption
Option: Integration
4. What term is used to describe conditions that lead to a general increase in prices?
Option: Deflationary
Option: Inflationary
Option: Stagnant
Option: Static
5. What is the term for critical observation or examination?
Option: Surveillance
Option: Scrutiny
Option: Neglect
Option: Disregard
6. What term refers to the income generated from normal business operations?
Option: Expenses
Option: Profits
Option: Losses
Option: Revenue
7. What term refers to a loan used to purchase real estate, secured by the property itself?
Option: Lease
Option: Mortgage
Option: Bond



Option: Equity

8. What term refers to the goods and materials that a business holds for the purpose of resale?

- Option: Inventory
- Option: Assets
- Option: Liabilities
- Option: Resources

9. What term describes the extent to which something is affordable to consumers?

- Option: Accessibility
- Option: Affordability
- Option: Costliness
- Option: Exclusivity

10. What is the term for taxes imposed by a government on imported goods?

- Option: Subsidies
- Option: Duties
- Option: Tariffs
- Option: Fees

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

11. The crisis was _____ by the lack of timely government intervention.

12. New _____ was introduced to improve environmental protection.

13. The terms of the agreement were _____ between both parties.

14. The _____ of the conflict led to a humanitarian crisis.

15. Demand for housing _____ in the last quarter, leading to higher prices.

16. The sudden news left the market feeling _____ and uncertain.

17. The team is focused on _____ the risks associated with investing.

18. The company's growth gained _____ after launching its new product line.

19. Regulations can vary significantly across different _____.

20. The initiative aims to address issues on a _____ level to ensure uniformity.



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

21. The stock market experienced significant volatility this year due to unforeseen events.
22. Housing affordability remains a major concern for many families in urban areas.
23. The new legislation aims to improve healthcare access for all citizens.
24. The company reported a substantial increase in revenue over the last quarter.
25. Corporate practices are often under intense scrutiny from regulatory agencies.
26. Maintaining a proper inventory is crucial for effective supply chain management.
27. Many families rely on mortgage loans to purchase their homes.
28. Technological disruption has transformed many traditional industries.
29. Rising inflation can lead to increased costs of living for consumers.
30. The government imposed tariffs on imported goods to protect local businesses.

Answer

- Multiple Choice:** 1. Volatility 2. Correction 3. Disruption 4. Inflationary 5. Scrutiny 6. Revenue 7. Mortgage 8. Inventory 9. Affordability 10. Tariffs
- Gap-Fill:** 11. exacerbated 12. legislation 13. negotiated 14. intensification 15. surged 16. unsettled 17. mitigating 18. momentum 19. jurisdictions 20. statewide
- Matching sentence:** 1. volatility 2. affordability 3. legislation 4. revenue 5. scrutiny 6. inventory 7. mortgage 8. disruption 9. inflation 10. tariffs

CATEGORY

1. Business - LEVEL6

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