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## FTSE 100 Falters as UK Stocks Seek Safety Amid Conflict

### Description

Equity markets responded promptly to the news of recent strikes on Iran. The FTSE 100, the U.K.'s stock index, experienced a decline but fell less than many major European counterparts. This reaction is partly due to the FTSE's composition, which features sectors like pharmaceuticals, utilities, and consumer goods. Such stocks are often seen as defensive and tend to perform better during market instability.

Moreover, the FTSE 100 includes companies that might gain from disturbances in the Middle East. This includes defence contractors like BAE Systems and industry suppliers such as Babcock International and Rolls-Royce. Historically, the FTSE has shown resilience during conflicts, outperforming European indices during events like the Iraq War and the September 11 attacks.

Mining companies, important in the FTSE 100, stand to benefit if global unrest raises commodity prices by disrupting trade. Top mining firms include Rio Tinto and Glencore, while others like Fresnillo and Endeavour Mining could profit from rising gold prices.

Defensive characteristics are also present in the mid-cap FTSE 250 index, which features defence industry suppliers and oil companies. Investors looking to maintain equity exposure amid geopolitical conflicts may find opportunities in the U.K. stock market.

However, the situation remains complex. With the U.K. heavily reliant on energy imports, spikes in global natural gas prices could inflict economic damages. Recent developments, such as QatarEnergy halting production, have already caused U.K. natural gas futures to spike significantly. If energy prices surge again, the consequences for inflation and government borrowing could be severe, impacting the broader economy and financial markets.

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### Vocabulary List:

1. **Equity** /'ɛkwɪti/ (noun): The value of shares in a company.
2. **Markets** /'mɑ:rkɪts/ (noun): Places where buyers and sellers trade.
3. **Strikes** /straɪks/ (noun): Attacks or hits on a target.
4. **Decline** /dɪ'klaɪn/ (verb): To decrease or go down in amount.
5. **Counterparts** /'kaʊntərpɑ:rts/ (noun): Things that are similar or equal.
6. **Composition** /,kɒmpə'zɪʃən/ (noun): The make-up or structure of something.

### Comprehension Questions



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## Multiple Choice

1. Which stock index experienced a decline due to recent strikes on Iran?

- Option: DAX
- Option: CAC 40
- Option: FTSE 100
- Option: NIKKEI

2. Which sector is NOT mentioned as part of the FTSE's composition?

- Option: Pharmaceuticals
- Option: Utilities
- Option: Consumer goods
- Option: Technology

3. Which company is a defense contractor included in the FTSE 100?

- Option: Rio Tinto
- Option: BAE Systems
- Option: Rolls-Royce
- Option: Both BAE Systems and Rolls-Royce

4. What has historically affected the FTSE's performance during conflicts?

- Option: Market volatility
- Option: Weak dollar
- Option: Defensive stocks
- Option: Interest rates

5. What could increase commodity prices according to the text?

- Option: Stable trade
- Option: Global unrest
- Option: Economic growth
- Option: Increased energy production

6. Which company is mentioned as a major mining firm in the FTSE 100?

- Option: Fresnillo
- Option: BAE Systems
- Option: Babcock International
- Option: None of the above



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### True-False

7. The FTSE 100 declined more than most major European stock indices.
8. Mining companies are expected to benefit from higher commodity prices due to unrest.
9. The FTSE 250 index primarily consists of technology companies.
10. The U.K. is heavily reliant on energy imports.
11. QatarEnergy's halt in production has negatively impacted U.K. natural gas futures.
12. Defensive stocks perform poorly during market instability.

### Gap-Fill

13. The FTSE 100 is the \_\_\_\_\_ stock index of the U.K.
14. Sectors like pharmaceuticals and utilities are considered \_\_\_\_\_ stocks.
15. Mining companies such as Rio Tinto and Glencore stand to \_\_\_\_\_ from increased commodity prices.
16. The FTSE has shown resilience during conflicts, outperforming European \_\_\_\_\_.
17. If energy prices surge, it could lead to severe \_\_\_\_\_ in the economy.
18. The situation in the U.K. remains \_\_\_\_\_ due to reliance on energy imports.

### Answer

**Multiple Choice:** 1. FTSE 100 2. Technology 3. Both BAE Systems and Rolls-Royce 4. Defensive stocks 5. Global unrest 6. Fresnillo

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

**Gap-Fill:** 13. primary 14. defensive 15. profit 16. indices 17. inflation 18. complex



## Vocabulary quizzes

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

1. What term describes the process of increasing rapidly?  
Option: Decreasing  
Option: Escalating  
Option: Stabilizing  
Option: Integrating
2. Which word means to destroy completely?  
Option: Create  
Option: Obliterate  
Option: Preserve  
Option: Build
3. What is the process of removing salt from seawater called?  
Option: Desalination  
Option: Contamination  
Option: Purification  
Option: Filtration
4. Which word means valid or lawful?  
Option: Illegitimate  
Option: Legitimate  
Option: Fraudulent  
Option: Fake
5. What term describes a sudden decrease or drop?  
Option: Surged  
Option: Climbed  
Option: Plunged  
Option: Stabilized
6. What word describes a sudden powerful forward or upward movement?  
Option: Dropped  
Option: Surged  
Option: Declined  
Option: Fell
7. What term is used to describe a significant decline in economic activity?



- Option: Recession
- Option: Prosperity
- Option: Stagnation
- Option: Development

8. Which term refers to the value of shares issued by a company?

- Option: Debt
- Option: Asset
- Option: Equity
- Option: Liability

9. What term refers to arenas where buyers and sellers meet?

- Option: Exchanges
- Option: Markets
- Option: Stores
- Option: Auctions

10. What term refers to the forming of a theory or conjecture without firm evidence?

- Option: Conclusion
- Option: Assumption
- Option: Speculation
- Option: Fact

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

11. The city's \_\_\_\_\_ was improved with new roads and bridges.
12. The initiative focuses on environmental \_\_\_\_\_ for future generations.
13. The new product is an \_\_\_\_\_ solution to an old problem.
14. They invested in \_\_\_\_\_ agriculture to restore the soil.
15. The program offers \_\_\_\_\_ learning options for students.
16. The factory increased its \_\_\_\_\_ to meet the rising demand.
17. The paper was made from \_\_\_\_\_ materials to reduce waste.
18. The economic \_\_\_\_\_ affected many businesses worldwide.



19. The company announced \_\_\_\_\_ due to financial struggles.
20. The stock market \_\_\_\_\_ have shown a downward trend this quarter.

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

21. The escalating costs of living are causing many to struggle financially.
22. The powerful storm was strong enough to obliterate entire communities.
23. Desalination plants are crucial for providing fresh water in arid regions.
24. He provided legitimate proof of his identity when asked by the authorities.
25. The stock market plunged following the unexpected news.
26. Demand for electric vehicles has surged in recent years.
27. The country entered a recession after several quarters of negative growth.
28. Equity investments can contribute to your portfolio's growth over time.
29. There was much speculation about the company's future after the CEO resigned.
30. Sustainability practices are essential for protecting the environment.

## Answer

**Multiple Choice:** 1. Escalating 2. Obliterate 3. Desalination 4. Legitimate 5. Plunged 6. Surged 7. Recession 8. Equity 9. Markets 10. Speculation

**Gap-Fill:** 11. infrastructure 12. sustainability 13. innovative 14. regenerative 15. asynchronous 16. output 17. recycled 18. downturn 19. layoffs 20. indices

**Matching sentence:** 1. escalating 2. obliterate 3. desalination 4. legitimate 5. plunged 6. surged 7. recession 8. equity 9. speculation 10. sustainability

## CATEGORY

1. Business - LEVEL5

## POST TAG

1. defensive stocks



2. ESL learning
3. esl news
4. FTSE 100
5. Level 5
6. Middle East conflict
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