



Small stocks plummet after short-lived surge from hype-filled “rotation”. Top seven stocks lose \$1.3 trillion in just one week.

Description

The past week saw a significant tech sell-off and the failure of the much-hyped “rotation” into small-cap stocks. The S&P 500, Nasdaq composite, Nasdaq 100, and Magnificent 7 all experienced losses. The Russell 2000 initially surged due to the rotation but ended the week only slightly higher than it was in February 2021. The Mag 7 collectively lost \$1.32 trillion in market capitalization, with individual stocks like Nvidia experiencing significant declines.

While some of the Mag 7 have seen gains over the past 12 months, the overall trend has been downward in recent weeks. Small-cap stocks also took a hit after initial gains, with the Russell 2000 returning to its previous levels. The Nasdaq 100 index and S&P 500 have also experienced losses, albeit less severe.

These market fluctuations have caused anxiety among investors, with concerns about the sustainability of the gains made in recent months. The overall sentiment is one of uncertainty as investors navigate the volatility of the current market climate.

Vocabulary List:

1. **Sell-off** /'sɛl,ɔf/ (noun): A sudden drop in the price of an asset typically accompanied by heavy trading volume.
2. **Fluctuations** /,flʌk.tʃu'eɪ.jənz/ (noun): Variations or changes in level or amount often referring to prices or rates.
3. **Capitalization** /,kæp.ɪ.təl.ɪ'zeɪ.jən/ (noun): The total amount of a company's outstanding shares multiplied by the current market price of its stock.
4. **Sustainability** /sə'steɪ.nə'bɪl.ɪ.ti/ (noun): The ability to maintain or continue a process without interruption or decline.
5. **Anxiety** /æŋ'zaɪ.ə.ti/ (noun): A feeling of worry nervousness or unease about something with an uncertain outcome.
6. **Volatility** /,vɒl.ə'tɪl.ɪ.ti/ (noun): The quality of being subject to rapid or unexpected change especially regarding price.

Comprehension Questions



Multiple Choice

1. Which indices experienced losses in the past week?
Option: S&P 500
Option: Nasdaq composite
Option: Nasdaq 100
Option: Magnificent 7
2. How much did the Magnificent 7 collectively lose in market capitalization?
Option: \$1.32 trillion
Option: \$500 billion
Option: \$2 trillion
Option: \$800 billion
3. Which individual stock experienced significant declines?
Option: Nvidia
Option: AMD
Option: Apple
Option: Tesla
4. What was the initial impact on the Russell 2000 due to the rotation into small-cap stocks?
Option: Surged
Option: Declined
Option: Remained unchanged
Option: Not mentioned
5. What has been the overall trend for the Magnificent 7 in recent weeks?
Option: Downward
Option: Upward
Option: Stable
Option: Fluctuating
6. Which indices also experienced losses albeit less severe than the Magnificent 7?
Option: Nasdaq 100 and S&P 500
Option: Dow Jones Industrial Average
Option: Russell 2000
Option: FTSE 100



Answer

Multiple Choice: 1. All of the above 2. \$1.32 trillion 3. Nvidia 4. Surged 5. Downward 6. Nasdaq 100 and S&P 500

Vocabulary quizzes

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

1. Which term describes a sudden and significant increase in value?

- Option: Surged
- Option: Retreated
- Option: Volatility
- Option: Plunge

2. What financial metric represents the profits of a company?

- Option: Indices
- Option: Resilience
- Option: Earnings
- Option: Capitalization

3. Which term means expected or predicted?

- Option: Accepting
- Option: Plunge
- Option: Anticipated
- Option: Conflict

4. What term describes a lack of consistency or steady behavior?

- Option: Surge
- Option: Volatility
- Option: Instability
- Option: Sustainability

5. Which term refers to a feeling of worry nervousness or unease about something with an uncertain outcome?

- Option: Sentiment
- Option: Exacerbate
- Option: Anxiety
- Option: Surged



6. What word best describes worries or issues that cause distress or unease?

- Option: Resilience
- Option: Concerns
- Option: Escalate
- Option: Exploitation

7. Which term denotes a process of returning to a normal state after a period of difficulty or crisis?

- Option: Liquidated
- Option: Recovery
- Option: Plunge
- Option: Sustainability

8. What does the term "escalate" mean?

- Option: Conflict
- Option: Optimistic
- Option: Escalate
- Option: Surge

9. Which term relates to actions taken in the interest of human welfare and well-being?

- Option: Surge
- Option: Humanitarian
- Option: Concerns
- Option: Volatility

10. What does "plunge" mean in a financial context?

- Option: Plunge
- Option: Anticipated
- Option: Liquidated
- Option: Anxiety

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

11. After the initial surge in stock prices the market _____ significantly.

12. Investors are cautiously _____ the proposed merger as a positive move.

13. The company implemented _____ cost-cutting measures to improve financial performance.

14. The market _____ of the tech sector has surpassed all expectations.



15. Investors are wary of the market's high _____ due to global economic uncertainty.
16. There were concerns about the potential _____ of natural resources in the region.
17. The company's long-term success hinges on its commitment to environmental _____.
18. The stock market experienced a significant _____ amid fears of a recession.
19. Currency _____ can impact international trade and investment decisions.
20. The company's ability to adapt to challenges demonstrates its _____ in a competitive market.

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

21. Investors who are optimistic about the market's future performance are often described as .
22. The company addressed the community's _____ by implementing more sustainable practices.
23. The technology firm's market _____ exceeded that of its competitors.
24. Despite recent setbacks the CEO remains _____ about the company's future growth.
25. The struggling business was forced to _____ its assets to repay its creditors.
26. The economic downturn threatened _____ to the unemployment rate.
27. Investors panicked as stock prices took a sudden _____ due to global market uncertainties.
28. The demand for the new product caused sales to _____ exceeding all expectations.
29. Political _____ in the region led to economic uncertainty and investor hesitation.
30. The market analysts correctly _____ the upcoming interest rate hike.

Answer

Multiple Choice: 1. Surged 2. Earnings 3. Anticipated 4. Instability 5. Anxiety 6. Concerns 7. Recovery 8. Escalate 9. Humanitarian 10. Plunge

Gap-Fill: 11. Retreated 12. Accepting 13. Drastic 14. Capitalization 15. Volatility 16. Exploitation 17. Sustainability



18. Sell-off 19. Fluctuations 20. Resilience

Matching sentence: 1. Bullish 2. Concerns 3. Capitalization 4. Optimistic 5. Liquidated 6. Exacerbate 7. Plunge
8. Surge 9. Instability 10. Anticipated

CATEGORY

1. Business - LEVEL4

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