



SpaceX Shares Drop 23% Amid Investor Concerns

Description

Shares of Elon Musk's SpaceX experienced a sharp decline of 16% on Monday, closing below their initial public offering (IPO) price from June 12. This significant drop is crucial because it reflects a troubling trend for a company that recently completed the largest IPO in history.

By the end of trading on Monday, SpaceX shares reached a price of £154.60, leading to considerable losses for average investors who bought shares after the IPO. On June 12, the stock was valued at £160.90, and just a few days later, it peaked at £201.80. This collapse means shares are now approximately 23% lower than their peak value from the previous week.

The company had raised over £85 billion during its IPO and maintains a market capitalisation of around £2 trillion, remaining more valuable than major corporations such as Walmart and Facebook's parent company, Meta.

SpaceX's drop occurred within a larger market downturn that also affected other tech giants, including Google's parent company, Alphabet, which recorded its worst single-day fall in over a year. The S&P 500 Index fell by 0.43%, with the Nasdaq being particularly hard hit, dropping by 1.3%.

Adding to investor concerns, oil prices fell to their lowest levels since March, influenced by ongoing negotiations between the U.S. and Iran. Investors are increasingly worried that rising inflation could amplify the debt burdens on major tech firms like SpaceX, which have invested heavily in artificial intelligence infrastructure.

In response to these pressures, Bloomberg News reported that SpaceX might seek to raise at least £20 billion through a bond sale, prompting fears about the significant financial commitments required to sustain its ambitious projects. Retail stocks such as Amazon, Chipotle, and Netflix also saw notable declines on this day.

Vocabulary List:

1. **decline** //dɪ'klaɪn// (noun): a fall to a lower amount or level
2. **capitalisation** //,kæpɪtəlaɪ'zeɪʃən// (noun): the total value of a company's shares
3. **downturn** //ˈdaʊn,tɜːn// (noun): a period when economic activity becomes weaker
4. **inflation** //ɪn'fleɪʃən// (noun): when prices rise and money buys less
5. **amplify** //æmplə'faɪ// (verb): to make a problem or effect larger
6. **bond** //bɒnd// (noun): a loan that a company or government sells



Comprehension Questions

Multiple Choice

1. What was the closing price of SpaceX shares on Monday?
Option: £160.90
Option: £201.80
Option: £154.60
Option: £85 billion
2. How much did SpaceX shares decline on Monday?
Option: 10%
Option: 12%
Option: 16%
Option: 20%
3. What was the initial public offering (IPO) price of SpaceX shares?
Option: £160.90
Option: £154.60
Option: £201.80
Option: £85 billion
4. How much did SpaceX raise during its IPO?
Option: £20 billion
Option: £85 billion
Option: £2 trillion
Option: £160.90
5. Which tech giant recorded its worst single-day fall in over a year?
Option: Amazon
Option: Facebook
Option: Alphabet
Option: Netflix
6. What percentage did the S&P 500 Index fall by?
Option: 0.43%



- Option: 1.3%
- Option: 16%
- Option: 23%

True-False

- 7. SpaceX's shares closed above their initial public offering (IPO) price on Monday.
- 8. The market capitalization of SpaceX is around £2 trillion.
- 9. Oil prices fell to their highest levels since March.
- 10. SpaceX is planning to raise £20 billion through a bond sale.
- 11. The Nasdaq dropped by 1.3% on Monday.
- 12. Investors are not worried about rising inflation impacting debt burdens.

Gap-Fill

- 13. SpaceX shares peaked at £201.80 just a few days after their IPO, but by Monday, they were approximately _____ lower than their peak value.
- 14. SpaceX completed the largest IPO in _____ history.
- 15. The S&P 500 Index experienced a decline of _____ on Monday.
- 16. In response to financial pressures, SpaceX might raise at least £ _____ through a bond sale.
- 17. Shares of SpaceX closed at £154.60, reflecting a drop of _____ on Monday.
- 18. Average investors who bought shares after the IPO faced considerable _____ due to the decline in stock prices.



Answer

Multiple Choice: 1. £154.60 2. 16% 3. £160.90 4. £85 billion 5. Alphabet 6. 0.43%

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

Gap-Fill: 13. 23% 14. history 15. 0.43% 16. 20 billion 17. 16% 18. losses

Vocabulary quizzes

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

1. What economic factor is characterized by the increase in prices over time?

Option: Deflation

Option: Inflation

Option: Stagnation

Option: Depreciation

2. Which term describes the degree of variation in trading prices over time?

Option: Stability

Option: Volatility

Option: Liquidity

Option: Capitalisation

3. What is the term used when one company purchases another company?

Option: Merger

Option: Acquisition

Option: Coalition

Option: Joint Venture

4. What do we call the income generated from normal business operations?

Option: Expenses

Option: Profits

Option: Revenues

Option: Dividends

5. Who are the individuals or entities that own shares in a company?

Option: Bondholders

Option: Investors

Option: Shareholders

Option: Creditors



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6. What is the term for the combination of two companies into one?
- Option: Acquisition
 - Option: Merger
 - Option: Division
 - Option: Spin-off
7. Which term refers to a process characterized by constant change or activity?
- Option: Static
 - Option: Dynamic
 - Option: Stable
 - Option: Uniform
8. What is used to describe the total value of a company's outstanding shares?
- Option: Net Worth
 - Option: Share Price
 - Option: Capitalisation
 - Option: Market Value
9. What term is used to refer to a decline in economic activity?
- Option: Upturn
 - Option: Recession
 - Option: Downturn
 - Option: Recovery
10. What financial instrument represents a loan made by an investor to a borrower?
- Option: Equity
 - Option: Bond
 - Option: Stock
 - Option: Asset

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

11. The company announced an _____ of its project deadline to accommodate unexpected delays.
12. The building underwent a major _____ to modernize its infrastructure.
13. Excessive regulation can _____ the growth of small businesses.
14. The stock prices _____ sharply following the positive earnings report.



15. It took some time for the new employees to _____ to the company culture.
16. The marketing campaign aimed to _____ the brand's visibility in the market.
17. The team gained _____ in their sales after launching the new product line.
18. Many investors are looking to fund _____ in the tech industry for innovative solutions.
19. Understanding the _____ of a company is crucial before investing in its stocks.
20. The _____ of the company increased significantly after the successful product launch.

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

21. The dynamic nature of the tech industry requires constant innovation.
22. Market volatility can create both risk and opportunity for investors.
23. A merger between competing firms can create a stronger market presence.
24. High inflation can diminish purchasing power and affect savings.
25. The capitalisation of a company indicates its market value and stability.
26. Shareholders play a critical role in corporate governance and decision-making.
27. Increasing revenues are often a key goal for businesses seeking growth.
28. An acquisition can be a strategic move to enhance competitive advantage.
29. The economic downturn significantly impacted small businesses and employment levels.
30. Investors often seek bonds for their perceived safety and predictable returns.

Answer

Multiple Choice: 1. Inflation 2. Volatility 3. Acquisition 4. Revenues 5. Shareholders 6. Merger 7. Dynamic 8. Capitalisation



9. Downturn 10. Bond

Gap-Fill: 11. extension 12. renovation 13. impede 14. surged 15. acclimatise 16. amplify 17. momentum
18. startups 19. fundamentals 20. valuation

Matching sentence: 1. dynamic 2. volatility 3. merger 4. inflation 5. capitalisation 6. shareholders 7. revenues
8. acquisition 9. downturn 10. bond

CATEGORY

1. Business - LEVEL5

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1. C1
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3. esl news
4. gains
5. investors
6. Level 5
7. spaceX
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Author

aimeeyoung99

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