
Stocks plunge as high inflation diminishes hopes for rate cuts

Description

US stocks got off to a rough start as they opened sharply lower on Wednesday. The setback was due to an unexpected increase in consumer prices last month.

Big stock market players, including the Dow Jones Industrial Average, dropped significantly by over 1% - a dip of more than 400 points. The S&P 500 and the tech-based Nasdaq Composite both fell by around 1.2%. Furthermore, bond yields were noticeably high as the 10-year Treasury yield rose by an impressive 14 basis points on Wednesday, reaching above the 4.5% line for the first time in 2024.

The Consumer Price Index, a measure of the average change in prices over time of goods and services, may be to blame for these sudden market changes. It rose by 0.4% in comparison to the previous month and increased by 3.5% over the previous year in March. These figures surpass the economist forecasts by 0.1%.

The surge in inflation forces investors to rethink the likelihood of rate cuts from the Federal Reserve. Recent data from the CME FedWatch tool shows approximately 75% of bets are on the Federal Reserve maintaining the current rate levels in June. Additionally, over 50% of investors are expecting the central bank to leave rates unchanged through its July meeting.

As we look ahead, the future of the market remains uncertain. Wednesday will reveal the minutes from the middle of March Fed's meeting, which may offer some insights into potential future policy. Additionally, industry experts will be watching Delta Airlines and large Wall Street banks as they release their first-quarter earnings reports this week.

Vocabulary List:

1. **setback** // (noun): A reversal or check in progress.
2. **bond yields** // (noun): The amount of return an investor receives on a bond.
3. **inflation** // (noun): A general increase in prices and fall in the purchasing value of money.
4. **forecast** // (noun): A prediction or estimate of future events or conditions.
5. **uncertain** // (adjective): Not able to be relied on not known or definite.
6. **insights** // (noun): The capacity to gain an accurate and deep understanding.

Vocabulary quizzes

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

1. Which term refers to the act of avoiding certain products or services as a form of protest?

- Option: Boycott
- Option: Slump
- Option: Critiqued
- Option: Upgrade

2. What term describes something expected or predicted to happen?

- Option: Anticipated
- Option: Unveiling
- Option: Oppose
- Option: Transformation

3. An individual or company responsible for managing securities and assets for clients is known as:

- Option: Asset manager
- Option: Liquidation
- Option: Underperformed
- Option: Anticipated

4. A general increase in prices and fall in the purchasing value of money is known as:

- Option: Inflation
- Option: Stakeholders
- Option: Unfazed
- Option: Boycott

5. Which term describes a positive outlook or belief in favorable outcomes?

- Option: Optimistic
- Option: Significantly
- Option: Profit
- Option: Controversies

6. Which term refers to markets where shares of companies are issued and traded?

- Option: Equity markets
- Option: Anticipated
- Option: Reassure
- Option: Critiqued

7. The basic physical and organizational structures and facilities needed for the operation of a society is known as:

- Option: Positive
- Option: Infrastructures
- Option: Upgrade
- Option: Enthusiastic

8. Which term refers to the financial gain made by a business after subtracting all expenses?

- Option: Profit
- Option: Forecast
- Option: Unknown
- Option: Critiqued

9. What type of fees are charged for managing and overseeing investment portfolios?

- Option: Analytical costs
- Option: Fluctuations
- Option: Administration fees
- Option: Unveiling

10. Which term refers to a thorough or dramatic change?

- Option: Liquidation
- Option: Transformation
- Option: Upgrade
- Option: Stakeholders

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

11. _____ can arise due to differing opinions or conflicting views on certain topics.

12. The future is always filled with _____ events that may lead to unpredictability.

13. Economists use various tools and models to provide a _____ of future economic conditions.

14. Businesses aim to generate _____ as a reward for their efforts and investments.

15. _____ are individuals or groups with an interest in the success and outcomes of a business or project.

16. In case of severe financial distress a company may opt for _____ to pay off debts.

17. Investors closely monitor _____ as they indicate the returns on fixed-income securities.

18. Employees who are _____ about their work tend to show higher levels of productivity

and engagement.

19. Despite the efforts the company _____ in comparison to its industry peers.

20. Regular maintenance and _____ of systems are necessary to ensure optimal performance.

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

21. After the security briefing the officer sought to the nervous passengers.

22. The new candidate has shown great for growth and development in the company.

23. The highly movie release attracted long lines of fans waiting outside the theater.

24. Despite the criticism she remained and continued with her project.

25. The stock market is known for its frequent in prices making it a dynamic environment for investors.

26. The two companies announced their to combine forces and expand their market reach.

27. Maintaining a attitude can help individuals overcome challenges and setbacks.

28. The board received an report outlining the best course of action for the upcoming project.

29. The company held a grand event for the of its latest product line to the public.

30. The artist eagerly awaited to be by the art community for his latest collection.

Answer

Multiple Choice: 1. Boycott 2. Anticipated 3. Asset manager 4. Inflation 5. Optimistic 6. Equity markets 7. Infrastructures 8. Profit 9. Administration fees 10. Transformation

Gap-Fill: 11. Controversies 12. Uncertain 13. Forecast 14. Profit 15. Stakeholders 16. Liquidation 17. Bond yields 18. Enthusiastic 19. Underperformed 20. Upgrade

Matching sentence: 1. Reassure 2. Potential 3. Anticipated 4. Unfazed 5. Fluctuations 6. Merger 7. Positive 8. Advisory 9. Unveiling 10. Critiqued

CATEGORY

1. Business - LEVEL4



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