



Tech Sell-Off and Rate Hike Fears Trigger Wall Street Decline

Description

Wall Street's key indices closed sharply lower on Friday, as technology stocks experienced significant selling pressure. This followed a recent rally driven by investments in artificial intelligence (AI) and concerns about potential interest rate hikes by the US Federal Reserve.

Despite ongoing conflicts in Lebanon, oil prices fell. There has been no noticeable progress towards a peace deal between the US and Iran that would allow energy exports through the strategic Strait of Hormuz. In May, the US economy added 172,000 new jobs, significantly higher than the expected 80,000. This also included upward revisions for the previous two months, suggesting resilience in the economy despite rising energy costs.

Analyst Bret Kenwell noted that while these job figures are generally positive, they may create unease among borrowers and investors. He argued that a quick end to the conflict could help lower oil prices, which might allow the Fed to manage inflation pressures more effectively. However, increasing discussions about rate hikes could negatively impact stock market confidence.

Following the job data, yields on US Treasury bonds rose, as investors anticipated these higher interest rates. The US dollar also strengthened against other currencies. Major stock indices suffered losses, with the Nasdaq falling over four percent, while technology firms known as the "Magnificent Seven," including Nvidia and Meta, saw declines.

Looking ahead, the market's reaction suggests a cautious approach as investors await clarity on the Fed's policy decisions and the situation in the tech sector.

Vocabulary List:

1. **indices** /'ɪndɪsi:z/ (noun): numbers that show stock market performance
2. **rally** /'ræli/ (noun): a quick rise in prices or value
3. **hikes** /haɪks/ (noun): big increases, especially in prices or rates
4. **resilience** /rɪ'zɪljəns/ (noun): ability to stay strong after problems
5. **yields** /ji:ldz/ (noun): the amount of return from an investment
6. **clarity** /'klærɪti/ (noun): clear and understandable information or explanation

Comprehension Questions



Multiple Choice

1. What sector experienced significant selling pressure on Wall Street as mentioned in the report?

- Option: Finance
- Option: Healthcare
- Option: Technology
- Option: Energy

2. How many new jobs did the US economy add in May?

- Option: 100,000
- Option: 150,000
- Option: 172,000
- Option: 200,000

3. Which indices suffered losses on Wall Street?

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

4. What was the expected number of jobs added in May?

- Option: 50,000
- Option: 80,000
- Option: 100,000
- Option: 120,000

5. Which companies are included in the 'Magnificent Seven' mentioned?

- Option: Microsoft and Amazon
- Option: Nvidia and Meta
- Option: Apple and Google
- Option: Tesla and Netflix

6. What factor might allow the Fed to manage inflation pressures more effectively?

- Option: Higher oil prices
- Option: Lower oil prices
- Option: Increased job figures
- Option: Stronger dollar



True-False

7. Oil prices rose despite ongoing conflicts in Lebanon.
8. US Treasury bond yields fell following the job data release.
9. There has been noticeable progress towards a peace deal between the US and Iran.
10. Investors are currently optimistic about the stock market confidence.
11. The US dollar weakened against other currencies as per the report.
12. Analyst Bret Kenwell believes that job figures are generally positive.

Gap-Fill

13. The US economy added _____ new jobs in May.
14. Yields on US Treasury bonds rose as investors anticipated higher _____ rates.
15. The Nasdaq fell over _____ percent on Friday.
16. Concerns about potential interest rate hikes by the US Federal _____ impacted market confidence.
17. There has been no noticeable progress towards a peace deal through the strategic _____ of Hormuz.
18. Investments in artificial _____ have driven recent market rallies.

Answer

Multiple Choice: 1. Technology 2. 172,000 3. All of the above 4. 80,000 5. Nvidia and Meta 6. Lower oil prices

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

Gap-Fill: 13. 172,000 14. interest 15. four 16. Reserve 17. Strait 18. intelligence



Vocabulary quizzes

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

1. What are indices often used to measure in financial markets?
Option: Economic growth
Option: Market sentiment
Option: Sector performance
Option: Interest rates
2. What term describes a period of sustained increases in the market?
Option: Correction
Option: Rally
Option: Bear market
Option: Consolidation
3. What financial instrument typically offers yields?
Option: Stocks
Option: Bonds
Option: Real estate
Option: Commodities
4. In financial contexts, who are beneficiaries typically?
Option: Investors
Option: Borrowers
Option: Companies
Option: Designated individuals
5. What term refers to a situation where income is less than expected?
Option: Surplus
Option: Deficit
Option: Shortfall
Option: Balance
6. Which of the following might a policy exempt?
Option: Taxes on necessities
Option: All businesses
Option: Financial transactions
Option: Employee wages
7. What does market sentiment often indicate?

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- Option: Investor mood
- Option: Regulatory changes
- Option: Economic indicators
- Option: Interest rates

8. What type of policy is related to government spending and revenue?

- Option: Monetary
- Option: Fiscal
- Option: Structural
- Option: Social

9. What does market momentum typically describe?

- Option: Volatility
- Option: Direction of movement
- Option: Market liquidity
- Option: Investor confidence

10. Which term refers to the income generated from normal business operations?

- Option: Debt
- Option: Revenue
- Option: Equity
- Option: Expenses

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

11. Interest rate _____ can have a significant impact on financial markets.
12. The company's financial _____ allowed it to weather the economic downturn.
13. Fulfilling financial _____ is crucial for maintaining a good credit score.
14. There has been a sector _____ toward technology stocks recently.
15. Accurate _____ is essential for planning future business strategies.
16. Improving profit _____ can lead to better financial stability.
17. The company faced _____ over a contested contract issue.
18. It may be time to _____ our strategy in light of recent changes.



19. Our main _____ has introduced a new product that could impact our sales.
20. The insurance company provided a _____ of covered medications.

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

21. A copay is a fixed amount a patient pays for a specific medical service.
22. A company is considered insolvent when its liabilities exceed its assets.
23. A beneficiary is a person designated to receive benefits from a financial account.
24. Demand in economics refers to the desire and ability of consumers to purchase goods and services.
25. The process was optimized to improve efficiency and reduce costs.
26. Momentum in finance refers to the tendency of an asset's price to persist in the same direction.
27. Liquidation involves selling off assets to pay creditors when a company is closing.
28. The technology sector has seen tremendous growth in recent years.
29. Earnings are the profits a company makes after all expenses have been deducted.
30. Interest rate hikes can lead to increased borrowing costs for consumers.

Answer

Multiple Choice: 1. Market sentiment 2. Rally 3. Bonds 4. Designated individuals 5. Shortfall 6. Taxes on necessities 7. Investor mood 8. Fiscal 9. Direction of movement 10. Revenue

Gap-Fill: 11. hikes 12. resilience 13. obligations 14. rotation 15. forecasting 16. margins 17. litigation 18. reassess 19. competitor 20. formulary

Matching sentence: 1. copay 2. insolvent 3. beneficiary 4. demand 5. optimised 6. momentum 7. liquidation 8. sector 9. earnings 10. hikes

CATEGORY

1. Business - LEVEL4

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1. ESL learning



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