



Unveiling Why They're Under Close Watch

Description

The global stock markets have experienced a period of stability this week following recent turmoil triggered by US trade tariffs. However, all eyes remain on the often tranquil US bond market.

Governments issue bonds as a means of borrowing money for public expenditures in exchange for paying interest. Recently, there was an unusual spike in the interest rates on US government bonds, accompanied by a decline in bond prices, indicating a loss in investor confidence in the economic powerhouse.

While the intricacies of the bond market may seem distant, its implications are far-reaching, potentially influencing President Trump's stance on tariffs.

Understanding Government Bonds

Government bonds, commonly known as "Treasures" in the US, are instruments through which governments raise funds by selling them to investors. These bonds operate as IOUs, with governments paying interest to bondholders over a specified period.

The primary purchasers of government bonds include financial institutions like pension funds and central banks, seeking secure investment options.

Recent Developments in US Bonds

Traditionally viewed as a safe haven for investment, US bonds have witnessed a departure from this trend amid economic uncertainty. Following the introduction of tariffs by President Trump, investors began divesting from government bonds, causing a surge in interest rates.

The escalating risk perception surrounding US bonds has led to higher yields, reflecting investors' demand for increased returns to offset the perceived economic risks.

Impact on the Economy and Trump's Response

Rising debt interest payments resulting from higher bond rates can strain government budgets and public spending, potentially affecting households and businesses.

President Trump's strategic shift following the bond market turmoil, including a temporary tariff pause, underscores the market's influence on policy decisions.



Vocabulary List:

1. **Tariffs** /'tærɪfs/ (noun): Taxes or duties to be paid on a particular class of imports or exports.
2. **Expenditures** /ɪk'spɛndɪtʃəz/ (noun): The action of spending funds or the amount of money spent.
3. **Investor** /ɪn'vestər/ (noun): A person or organization that allocates capital with the expectation of a financial return.
4. **Divesting** /daɪ'vestɪŋ/ (verb): The process of selling off subsidiary business interests or investments.
5. **Perception** /pə'reɪʃən/ (noun): The way in which something is regarded understood or interpreted.
6. **Strategic** /strə'ti:dʒɪk/ (adjective): Relating to the identification of long-term or overall aims and interests.

Vocabulary quizzes

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

1. What term describes the process of changing from one state or condition to another?

Option: Dependency
Option: Transitioning
Option: Trajectory
Option: Geopolitical

2. Which term refers to a sudden strong increase in something?

Option: Valuation
Option: Surge
Option: Chancellor
Option: Discontent

3. What is the process of discussing something in order to reach an agreement?

Option: De-escalating
Option: Negotiations
Option: Tariffs
Option: Divesting

4. Which term describes something that is complete and includes everything that is necessary?

Option: Intrinsic
Option: Comprehensive
Option: Urgency
Option: Investor

5. What term means to take apart or demolish something?



- Option: Perception
- Option: Dismantle
- Option: Strategic
- Option: Expenditures

6. Which term refers to the basic nature of something its essence?

- Option: Undermine
- Option: Ambition
- Option: Intrinsic
- Option: Framework

7. Who is the head of government in some European countries?

- Option: Chancellor
- Option: Retaliation
- Option: Apprehension
- Option: Production

8. Which term describes things or people that are connected or related to each other?

- Option: Dependencies
- Option: Constrain
- Option: Interconnected
- Option: Undermine

9. What are taxes on imported or exported goods?

- Option: Geopolitical
- Option: Tariffs
- Option: Discontent
- Option: Apprehension

10. Who is someone who puts money into financial schemes shares or property with the expectation of a profit?

- Option: Urgency
- Option: Investor
- Option: Divesting
- Option: Surge

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

11. Efforts are underway to increase _____ to meet growing demand.

12. Overreliance on a single source can create a dangerous _____ .



13. The new proposal was met with _____ from the public.
14. The company is looking to reduce unnecessary _____ to improve profitability.
15. A solid legal _____ is essential for a fair and just society.
16. There is a sense of _____ in the air as tensions rise between the two countries.
17. His _____ drove him to succeed against all odds.
18. The situation requires immediate attention due to its _____.
19. A professional appraisal can provide an accurate _____ of the property.
20. The growing _____ among the workforce led to a series of strikes.

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

| |
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| 21. The conflict between the two nations had broader implications on international relations. |
| 22. After the enemy attack a swift _____ was planned to show strength. |
| 23. The shifting alliances in the region have significant impact. |
| 24. Budget limitations will _____ our ability to expand the project. |
| 25. Efforts are being made towards _____ tensions in the region. |
| 26. The company decided to focus on core operations by _____ from non-core assets. |
| 27. Public _____ of the new policy was mostly positive. |
| 28. There has been a sudden _____ in demand for the product. |
| 29. Constant criticism can _____ one's confidence over time. |
| 30. The success of the project relies on various _____ working together. |

Answer

Multiple Choice: 1. Transitioning 2. Surge 3. Negotiations 4. Comprehensive 5. Dismantle 6. Intrinsic
7. Chancellor



8. Interconnected 9. Tariffs 10. Investor

Gap-Fill: 11. Production 12. Dependency 13. Skepticism 14. Expenditures 15. Framework 16. Apprehension
17. Ambition 18. Urgency 19. Valuation 20. Discontent

Matching sentence: 1. Geopolitical 2. Retaliation 3. Geopolitical 4. Constrain 5. De-escalating 6. Divesting
7. Perception 8. Surge 9. Undermine 10. Dependencies

CATEGORY

1. Business - LEVEL5

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Author

aimeeyoung99

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