

МІНІСТЕРСТВО ОСВІТИ І НАУКИ УКРАЇНИ  
НАЦІОНАЛЬНИЙ УНІВЕРСИТЕТ «ЧЕРНІГІВСЬКА ПОЛІТЕХНІКА»

**English for Professional Purposes**

Методичні вказівки з англійської мови для практичних занять та самостійної роботи здобувачів вищої освіти спеціальностей 051 «Економіка», 071 «Облік і оподаткування», 072 «Фінанси, банківська справа та страхування»

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## ВСТУП

Навчання англійської мови за професійним спрямуванням має на меті формування в студентів здатності до іншомовної комунікації у фахових ситуаціях. Методичні вказівки складено для спеціальностей 051 «Економіка», 071 «Облік і оподаткування», 072 «Фінанси, банківська справа та страхування». Матеріал кожного уроку містить текст з фаху, необхідний мінімум професійної лексики, різноманітні вправи, спрямовані на опанування лексичного матеріалу та розширення словникового запасу тощо.

Запропоновані завдання ґрунтуються на автентичних текстах, дозволяють формувати мовленнєві вміння в умовах наближених до реальних ситуацій професійного середовища, сприяють розвитку навчальної автономії, критичного та креативного мислення, індивідуальних стратегій навчання тощо. Широкий вибір вправ та завдань уможливорює використання методичних вказівок як на практичному занятті, так і для самостійної роботи. Правильність виконання завдань та сформованість комунікативних умінь може оцінюватися викладачем на практичних заняттях, консультаціях або дистанційно.

## Unit 1

### JOBS IN FINANCE

#### Word list

accurate	точний, вірний, прискіпливий
numerate	той, що володіє навичками обчислювання
accountant	бухгалтер
bond	облігація
candidate	кандидат
career	кар'єра
covering letter	супровідний лист
deadline	термін виконання
equity trader	торговець акціями
graduate	випускник
job application	заява про прийом на роботу
loan	позика
mortgage	іпотека, іпотечний кредит
motivation	мотивація
saving account	ощадний рахунок
share	акція
skill	вміння, майстерність
team player	командний гравець
training	навчання, підготовка
trend	тенденція, тренд
advise	порадити
analyse	аналізувати, розглядати
apply (for)	найматися на посаду
borrow	позичати у когось
deal with	мати справу з
forecast	прогнозувати, передбачати
investigate	досліджувати, розслідувати
issue	випускати
lend	позичати комусь
serve	обслуговувати

**1. Read the profiles of people talking about their jobs in finance. Match the profiles a-h with the jobs 1-8.**

**1** an equity trader

**a** I buy and sell shares on the stock market in New York. *Louise Plotkin, New York*

**2** a customer advisor in a bank

**b** I advise companies about mergers, finance, and raising money from investors. *Raoul Lopez, Sao Paulo*

**3** an insurance broker

**c** I have to investigate company accounts

4 an accountant

5 an investment banker

6 an auditor

7 a company treasurer

8 an analyst

to check if they are true and accurate. *Jose Matos de Selva, Barcelona*

**d** I manage the daily cash flow of the company. *Natalia Welter, Munich*

**e** In my job I serve customers who come into the branch to withdraw cash or open accounts. *Laurent Rousselet, Ivory Coast*

**f** I analyse companies and sectors and I forecast trends in the economy. *Olga Zubkov, Moscow*

**g** I help companies to prepare accounts and advise on tax. *Hussein Ali Habib, Oman*

**h** I advise customer the best place to get insurance for the car or flat. *Hiromi Osawa, Osaka*

## 2. Work in pairs. Discuss which of the jobs in ex.1

- appeals to you the most?
- requires the longest training?
- is the most stressful?
- is the best paid?

## 3. Work in groups of three or four. Explain your choices to your partners and decide together which of the jobs in 1 would suit each of you the best.

- to work in a local company near my home
- to work in a large international company
- to work long hours, but get a big salary
- to have evenings and weekends free
- to work directly with customers and the public
- to work with statistics and tables
- to work with companies' financial accounts
- to work on the financial markets
- to have a lot of responsibility early in my career

## 4. Complete the sentences with the best verb.

In my job I have to ...

*advise*                      *answer*                      *serve*

1 ... customers on their choice of financial products

2 ... customers who need cash or to make payments

3 ... telephone enquiries

*analyse*                      *forecast*                      *set*

4 ... what will happen to consumer demand for the next twelve months

5 ... the financial results for last year

6 ... a budget for spending in each department

*borrow*                      *issue*                      *lend*                      *raise*

- 7 ... shares or bonds
- 8 ... capital by issuing shares on the financial markets
- 9 ... money to customers
- 10 ... money from the banks in short-term loans
- investigate    manage    prepare*
- 11... the accounts at the end of each quarter
- 12 ... the accounts to check for accuracy
- 13 ... the cash in our current accounts.

**5. Using the verbs from the list below, complete the two job adverts from an Internet website for financial recruitment:**

*advise, lend, answer, borrow, investigate, manage, prepare, serve*

An exciting opportunity has arisen at one of the UK's largest banks within a lively call centre environment on the inbound I outbound customer service department. As a customer relationship trainee, you will have to **1**... customers who want to carry out transactions, **2**... questions, and **3**... them on the right products to suit their needs. The work involves making quick decisions about customers who want to **4**... money on their credit cards and deciding who to **5**... money to by using our credit check systems. **NO COLD CALLING INVOLVED!!** Supporting our marketing division, you will have to **6**... reports on internal errors and **7**... customer complaints plus **8**... a database of customer usage. Previous call centre / sales experience is preferred, but not essential, as full training is provided. If you are interested in the above role, please call immediately on 0234 326 7635.

*advise, manage, raise, set*

International opportunities for young graduate accountants to train in a multinational accountancy team. Working in Sao Paulo, Brazil, you will be responsible for advising international companies on their operations in the country. Key tasks include presenting solutions to clients on how to **9**... cash flow more efficiently, how to **10**... capital from the banks, how to **11**... budgets and implement systems, how to **12**... clients on better tax planning.

**6. Study the following information about financial markets and answer questions.**

If you own shares (UK) or stocks (USA), you own a part of a company and 'share' in its profits when they pay dividends. Traders buy and sell shares on stock markets or equity markets like Wall Street. If you own bonds, you own a part of a government or company's debt. Bonds usually pay a fixed interest, the yield, for example, for ten years.

Which investment is safer? Which do you think gives the best long-term return?

**7. Look at the list of qualities that could be important to work in financial markets. Which of them do you consider the most important? Compare your answers in pairs.**

- 1 having a lot of experience in business or finance;

- 2 being able to get on well with your clients;
- 3 being good at working in a team;
- 4 being good at socializing;
- 5 being good at listening to and remembering information;
- 6 being able to think quickly;
- 7 being good at taking risks;

**8. Read an interview with Jilly Atkins, a bond trader who works in the debt markets, buying and selling government debt. Tick the qualities in ex.7 that she mentions.**

- Before you got your job, did you study business or finance at college?
- No, actually, I didn't. In fact, when I applied for my first job, I really had no experience in finance. I just looked on the Internet to see which finance jobs paid the best. I saw that as a bond trader you could earn £100,000 after only two years in the job. So I decided that was the job for me!
- What skills and qualities were they looking for?
- I hope I impressed them. You definitely need good personal skills in this job because everything depends on contacts. You have to be good on the telephone so people want to call you with a deal. But it's not only in the office. If you want to make a lot of money, you also have to socialize and network with clients at night. That means lots of eating in restaurants. That's where you hear the best news. You're always competing with other banks for the same business so you have to keep the clients very happy. It's fun, but hard work.
- It's a very demanding job. Do you work a long day?
- Yes, I do. We start work every day at 7.00 a.m. We have to go to the morning briefing, when the analysts tell us about information in the news that is important for prices. Then the head of the division explains the strategy for the day. We begin to call people at 7.40 and the markets open at 8.00 when we make the first deals. The phone never stops and we have to keep a lot of information in our heads.
- How much money are you dealing in?
- We are trading in tens of millions and that means you can't make any mistakes. The profit on a deal is so small that we have to trade in very large quantities to make money. So the ability to think fast and decide things quickly is essential.
- I think I know what you will say to this question ... Is your job interesting?  
Yes, of course, it's absolutely fascinating.

**9. Read the interview again and write T (true) or F (false).**

1. Jilly chose her job mainly because of the salary.
2. Nearly all the trading takes place outside the office.
3. Clients normally prefer to deal with just one bank.
4. Traders need to have an excellent memory.
5. Traders often make a big profit on a single deal.



**10. Look at these questions the interviewer asks Jilly. Which ones can she answer “yes” or “no”?**

1 Before you got your job, did you study business or finance at college?

2 What skills and qualities were they looking for?

3 Do you work a long day?

4 How much money are you dealing in?

5 Is your job interesting?

**11. Make these statements into “yes / no” questions.**

1 You can earn a lot.

2 An insurance broker works with insurance policies.

3 They work for Paribas.

4 She is an analyst.

5 I have to socialize with clients.

6 The share price could rise considerably.

**12. Ask information questions to get the answers below.**

1. Q: ... A: They sell a range of insurance products.

2. Q: ... A: She earns £50,000 a year.

3. Q: ... A: We have ten branches in Spain.

4. Q: ...A: It takes two years to train as a broker.

5. Q: ...A: I decided to become an accountant because I love working with numbers.

**13. Individual task**

Go on the Internet to find this information.

1 Who are the best international companies to work for in finance? Look for companies who win international awards for “best places to work” or companies who come out best in international comparisons. Try [www.wjt.com](http://www.wjt.com) as a starting point.

2 Make a list of the best four companies you have found and their best features. Work together and tell the group the results of your research. Decide together what you need to consider when choosing a company to work for.

**14. Work in pairs.** Student A, choose a finance job, but don't tell your partner what your job is. Answer your partner's questions with only “yes” or “no”. Student B, guess what Student A's job is by asking them yes / no questions. This means you can only ask them questions like “Do you work in a bank?” and NOT “Where do you work?” When you have finished, do it again, but this time Student A has to guess what Student B's job is. The person who guesses their partner's job with the fewest questions wins.

**15. Study the following information:**

*comparative analysis* (n) a study of the financial figures of a company in relation to similar companies in the same sector. Often shortened to “a comp” in investment banking.

*merger* (n) the act of joining two or more businesses or organizations into one  
*application* (n) a request by a company to borrow money from a bank  
*spreadsheet* (n) a computer program that is used, for example, when doing financial or project planning

## 16. Reading.

You are going to read a report from a university magazine on careers in banking. Helen works in the corporate finance department of an investment bank and Angus is a customer service advisor in a retail bank.

What do you think each job involves?

What skills do you think each job needs?

*Helen Marshall (2003-06) Analyst, Morgan Straits.* If you join an investment bank as a graduate trainee, you can expect to work long hours. It's part of the culture. My day starts at about 8.00 a.m. when I check my email and voicemail to see who wants information immediately. It can continue until about 1.00 in the morning if we are working on a big merger. Fortunately, I live only twenty minutes from the bank. I usually get my main work from my boss at the daily team meeting at 10 o'clock, which can be a comparative analysis of companies or completing a report on a loan application for a big company. As an analyst, you need to be good at statistics because you spend a lot of the day working at the computer on tables or spreadsheets. It's also important to be well organized and a good team player because you depend on your colleagues to meet deadlines. It is a very exciting job because you learn very quickly and they are good at giving you training – I have already done courses on how to value companies and on accountancy. But there is not much chance of meeting with customers, so you can feel isolated at times. After a year, I still love the excitement of the job and the salary is great, £:40,000. But if you are thinking of joining an investment bank, make sure you are well motivated and good at computer skills before you start.

*Angus Fraser (2004-07) Customer advisor.* After university, I joined the Glasgow branch of Fleetwood Bank as a trainee customer advisor. It is a client-facing job, meeting customers who come in to the branch and advising them on how to manage their money. That means I need a good knowledge of savings accounts, loans, and mortgages, but we have weekly meetings to learn about these products. In this work, you must have good relationship skills because the customer gives you private information and must trust the advice you give. It is also important to be systematic and accurate because you have to enter the information in electronic forms. On a typical day, I can see about 50 customers in private interviews and it makes a long day. I usually start at 9.00 a.m. (by checking my appointments diary) and finish at 6.00 p.m. So I work about eight hours, but it takes another 45 minutes to get home. The salary (£20,000 p.a.) is not great, but it is very satisfying to work with people and know that you have helped them to plan their financial decisions well.

### Complete the following questions:

1. Who ... work for?

2. When ... (start) in the morning?
3. What sort of skills ... need?
4. What tasks ... in the office?
5. What kind of reports ...?
6. How many customers ... each day?
7. How much ...earn?
8. How often ... meetings?
9. How many hours ... in a day?
10. How long (take) ...get home?

**17. Find the words in the two texts to match the definitions.**

Someone who ...

has finished university is a 1....

is starting in a company is 2...

works well with customers has 3...

doesn't make mistakes is 4...

works well with other colleagues is a 5...

is enthusiastic about their job is 6...

**18. Read the article and answer the questions.**

1 Would you dress differently for an interview with a bank or a call centre?

2 What other ways can you make a good impression in the first minute?

3 What is the most interesting thing you like people to know about you?

When you are first interviewed for a job, make sure that in the first minute you make the right start: you have dressed correctly, arrived on time, shaken hands confidently, and made good eye contact.

In the first minute, people will judge you and it is important that there is no reason to have a negative feeling. "I never give a job to someone who has made no effort to look clean and tidy", says Jacqueline King, a recruitment manager in the private banking sector.

It is also very important that you prepare as much as possible before the interview by doing research on the company. "I always ask a couple of general questions about my firm and the competition during an interview just to find out if the candidate is really interested in us", remarks Robert Pitt, a partner with one of the big four accountancy firms.

Of course you are not the only person going for the position, so you should also try to do or say something that is a little different and which will help people remember you later. Make sure the conversation is not one-way. If you can smile from time to time, that is a good thing too!

The people who get the jobs are enthusiastic, honest, well presented, and lucky. So if you don't get the first job you apply for, keep on trying.

**19. Writing.** When you apply for a job, you normally send a CV and a covering letter. Complete the covering letter by choosing the correct verbs.

Ms M Wilson  
JBD Bank  
56 Cheapside  
LONDON EC4Y 2WD  
23 June 20–

Dear Ms Wilson,

I *write / am writing* **1** to apply for the job of customer advisor, as advertised on your website on 13 June (reference WRF/236).

I *am / am being* **2** numerate, I *have / am having* **3** good personal skills, and I am very interested in banking. I *like / am liking* **4** contact with customers and I am good at communicating with people.

As you can see from my CV, I studied economics at school and I *now study / am now studying* **5** for a diploma in business studies. I *think / am thinking* **6** this gives me a good background for the job.

I *currently work / am currently working* **7** part-time in a bookshop, so I *have / am having* **8** experience of dealing with customers and handling money. Every day I *prepare / am preparing* **9** the cash balance when we close the shop. Presently, during the holiday period, I *also help / am also helping* **10** my uncle with his accounts on the computer.

I would be very pleased to have the opportunity to discuss this application further. You can contact me by email at: [jsmith@meganet.com](mailto:jsmith@meganet.com).

I look forward to hearing from you.

Yours sincerely, James Smith

**20. Choose your favourite job from Individual task or the unit and write a covering letter to apply for it.**

## Unit 2

### PERSONAL FINANCE

#### Word list

cash machine/ATM	банкомат
compensation	відшкодування, компенсація
complaint	скарга
current account	поточний рахунок
debt	борг
deposit account	депозитний рахунок
direct debit	списання коштів у безакцептному порядку
inconvenience	незручність
loyalty	відданість

mortgage	іпотека
overdraft	перевитрата, кредит за поточним рахунком
standing order	існуючий (встановлений) порядок
transaction	транзакція
secure	безпечний
acknowledge	визнавати
apologize (for)	вибачатися
charge	звинувачувати
earn	заробляти
respond	відповідати
save	зберігати, економити
transfer	переводити (кошти)
withdraw	знімати

### 1. Read the text. Translate the underlined words:

#### Personal finance

All the money a person receives or earns as payment is his or her income. This can include:

- a salary: money paid monthly by an employer, or wages: money paid by the day or the hour, usually received weekly;
- overtime: money received for working extra hours;
- commission: money paid to salespeople and agents - a certain percentage of the income the employee generates;
- a bonus: extra money given for meeting a target or for good financial results;
- fees: money paid to professional people such as lawyers and architects;
- social security: money paid by the government to unemployed and sick people;
- a pension: money paid by a company or the government to a retired person.

Salaries and wages are often paid after deductions such as social security charges and pension contributions. Amounts of money that people have to spend regularly are outgoings. These often include:

- living expenses: money spent on everyday needs such as food, clothes and public transport;
- bills: requests for the payment of money owed for services such as electricity, gas and telephone connections;
- rent: the money paid for the use of a house or flat;
- a mortgage: repayments of money borrowed to buy a house or flat;
- health insurance: financial protection against medical expenses for sickness or accidental injuries;
- tax: money paid to finance government spending.

A financial plan, showing how much money a person or organization expects to earn and spend is called a budget.

## 2. Are the following statements true or false?

1. Bank deposits are not classified as money.
2. People earning wages get paid more often than people earning a salary.
3. People working on commission always get paid the same amount.
4. When you stop working at the end of your career, you receive a pension.
5. Most people pay a rent and a mortgage.

## 3. Match the terms with their definitions:

1. salary ____	a) a payment made periodically by a tenant to a landlord in return for the use of land, a building, an apartment, an office, or other property
2. bank accounts ____	b) an agreement that allows you to borrow money from a bank or similar organization, especially in order to buy a house, or the amount of money itself
3. pension ____	c) a plan to show how much money a person or organization will earn and how much they will need or be able to spend
4. rent ____	d) money paid to finance government spending
5. tax ____	e) an amount of money paid for a particular piece of work or for a particular right or service
6. health insurance ____	f) a request for payment of money owed
7. bill ____	g) the money that is used in a particular country at a particular time
8. currency ____	h) amounts of money that regularly have to be spent, for example to pay for heating or rent
9. mortgage ____	i) an amount of money paid regularly by the government or a private company to a person who does not work anymore because they are too old or have become ill
10. income ____	j) an arrangement with a bank in which the customer puts in and removes money and the bank keeps a record of it
11. fees ____	k) a fixed amount of money agreed every year as pay for an employee, usually paid directly into his or her bank account every month
12. wages ____	l) an arrangement in which you make regular payments to an insurance company in exchange for that company paying most or all of the costs of your medical care
13. social security ____	m) a system of payments made by the government to people who are ill, poor, or who have no job

14.budget ____	n) money that is earned from doing work or received from investments
15.outgoings ____	o) the money earned by an employee, esp. when paid for the hours worked

**4. Look at the pictures. Match the services 1-7 with the photos a-g.**

1 a cash machine



a

2 a high street bank



b

3 an online account



c

4 an insurance policy



d

5 a credit / debit card



e

6 a rental contract



f

7 a mortgage



**5. How many ways can you**

- a) borrow money?
- b) save money?
- c) pay for something in a store?
- d) pay your telephone bill?
- e) protect the things you own?

**6. What can you do with these services? Make sentences from the three columns.**

Start your sentence with *You can use ...*

*EX. You can use a cash machine to take out money from your account.*

<b>a</b> a cash machine	1 to borrow	A things in a store.
<b>b</b> a credit card	2 to save	B all your accounts at home.
<b>c</b> a home insurance policy	3 to buy	C money from your account.
<b>d</b> direct debit	4 to manage	D your bills automatically.
<b>e</b> a bank loan	5 to pay	E money and earn interest on it.
<b>f</b> an online account	6 to protect	F more than you have in your account.
<b>g</b> an overdraft facility	7 to take out	G money to buy a car.
<b>h</b> a deposit account	8 to spend	H your house against accidents

How many of the services have you or your family used? Tell your partner about them.

**7. Read the advertisement from SBA bank about their services. Complete the text with the prepositions *from, in, for, on, or into*.**

SBA bank

If you need to borrow money ...1 a bank, save money ...2 a deposit account, or even invest ... 3 shares, why not try SBA? Our accounts are simple to use and we are easy to find in any High Street. You can pay money ...4 a current account or withdraw money ...5 your account simply by visiting a branch or even online. If you find you have spent too much ...6 shopping or you owe too much ...7 your credit card, you can always apply ...8 an overdraft. So call into your local branch and join us.



**8. Complete the sentences with following words:** *commission, social security, bonus, currency, earn, mortgage, tax, overtime, pension, rent, salary*

1. After I lost my job, I was living on ... for three months. This was difficult, because the amount was much lower than the ... I had before.
2. I used to work as a salesperson, but I wasn't very successful, so I didn't ... much ....
3. If the company makes 10% more than last year, we'll all get a ... at end of the year.
4. It'll take me at least 25 years to repay the ... on my house.
5. Many European countries now have the same ... the euro.
6. My wages aren't very good, so I do a lot of ....
7. Nearly 40% of everything I earn goes to the government as ....
8. The owner has just increased the ... on our flat by 15%.
9. When I retire, my ... will be 60% of my final salary.

**9. Read about Dave and discuss the following questions in pairs or small groups:**

- 1 What do you think are the advantages and disadvantages of working at night? Would you like to do it?
- 2 What kind of person do you think would want to work at night? Why?

Only a few years ago banks closed every day at 3.30 and there were no cash machines. In today's world, we expect to access our banks 24 hours a day. But who are the people who make this possible? Our reporter visits the 24-hour call centre of a British bank and talks to Dave Sweetman about the life of a night worker.

- **Why do you choose to work at night?**

- Well, my wife and I have just had our first child. Because I work at night, I can see my son during the day. It's much better.

- **How many people work the night shift?**

- There are twenty of us at night. It's a huge office and a lot of people work here during the day, but at night it's a bit empty.

- **How is working at night different from working normal hours?**

- The volume of calls at night is far lower than during the day. But because the team is small, you have more responsibility and people make friends more easily. Plus, of course, you earn more and get a bigger bonus.

- **And why do people call at night?**

- We take a lot of calls from overseas customers based in different time zones, as well as from people on holiday who have lost their credit cards or need money quickly.

- **What is the best part of the job?**

- It is the customers that make the job. At night, somehow people are more relaxed and there is more time to develop a conversation. It's surprising what customers start talking about. The latest football scores or the news in UK if they are on holiday. Sometimes they forget the real reason for the call.

- **Finally, what's the most unusual problem you've had to deal with?**

- Some of the stories are extraordinary. Last week, for example, I had a call from a guy who had just got married. He had bought drinks for all his guests all evening and the hotel had now refused his credit card so he couldn't pay. He was really embarrassed. But we solved it and had a laugh.

### **10. Read the article. Then choose the best summary.**

#### **New customers only!**

Banks always want to get new customers and so they make attractive offers^ new customers can get higher interest rates on savings accounts for the first six months, there are no arrangement fees on new mortgages, people who open a new current account get a free gift. However, these special offers are usually limited to "new customers only" – which often appears in the small print at the bottom of their advertisements and makes existing customers angry. Why are all the best offers, the best interest rates for "new customers only"?

In a TV advertisement for the Nationwide Building Society in the UK, an existing customer goes into a bank and asks for several of the attractive products and services the bank offers. Each time, the bank employee tells him he can't have what he wants because it is for "new customers only". He leaves the bank and goes to the Nationwide Building Society where the special offers are for all customers. This advertisement suggests that banks need to take customer care seriously and treat all customers the same. The clever business strategy is not just to attract new customers, but to keep the ones you already have.

1. The article is about the way banks treat new and existing customers differently. It suggests that existing customers are just as important as new customers.
2. The article is about the products and services banks offer to customers. It says that people go from bank to bank and look for the best special offers.

### **11. Use the words and expressions in *italic* to complete the definitions:** *arrangement fee, attractive, free gift, limited, small print, special offer.*

1. An ... is a sum of money you usually have to pay the bank when you take out a mortgage.
2. A ... is a present. You don't have to pay for it. A company gives it to you as a thank-you for buying their product or service.
3. Something which is ... to one group of people is something which people outside that group can't have.
4. Something which is ... is something that people want to have. The word is also used to describe people who look nice.
5. A ... is something a company uses to get new customers. It could be a price reduction, two products for the price of one, a better interest rate, a free gift, etc.
6. ... is text in tiny letters, often at the bottom of an advertisement. Because it is small and difficult to read, companies hope their customers won't notice it. It is usually contains bad news.

**12. Define the words you can't use with the word in the right column.**

currency, deposit, savings, current  
cash, ATM, withdraw, current  
online, telephone, foreign exchange, debit  
credit, cash, debit, loan

**account**  
**machine**  
**banking**  
**card**

**13. The sentences in the dialogue are scrambled. The first and last ones are done for you. Put them in the correct order and act the dialogue.**

1. **Peter:** Good morning, Mr Osman. How can I help you today?

**Mr Osman:** OK, I understand. How long will it take to get my user ID and password?

**Mr Osman:** I'm interested in online banking. I'm very busy, so it's difficult to come into the bank all the time when I want to pay bills or check my balance.

**Peter:** Only a few days. As soon as you get this information, you can log in and start banking online.

**Mr Osman:** When do I need to use my user ID?

**Mr Osman:** Can I check my balance at any time?

**Peter:** I understand. Well, online banking is really easy and convenient. First, you need to register. You can do this online – just go to our website, click on “online banking” and complete the form. We then send you a user ID and password. You can change the password at any time.

**Mr Osman:** That's great. Thanks for your help.

**Peter:** You need to type in this number to log on your account. Most people change their password to something they can remember easily. It's important not to share your password with anyone – for security reasons.

**Peter:** Yes, of course. You can check your balance, look at your account information, pay bills and do most of the other things you do now at the bank.

11. **Peter:** You're very welcome. Please let me know if you need any other assistance.

**14. Here are some ways of making suggestions and giving advice in English:**

I think you should ...

The best thing to do is ..

Why don't you ...

How about ... ?

Have you thought about / considered ...

Perhaps / Possibly you could .. (the form of the verb that follows these expressions varies, depending on which expression you use).

**Complete the suggestions:**

1. \_\_\_\_\_ use the cash machines more?

2. Also, \_\_\_\_\_ using your debit card more and your cheque book less?

3. And \_\_\_\_\_ applying for the bank's credit card as well?

4. \_\_\_\_\_ use our card as a second card if you want to keep your existing card.
5. \_\_\_\_\_ to open an online account.
6. Also, \_\_\_\_\_ setting up a small overdraft?

**15. Choose the correct verb to complete the sentences.**

1. I think you should *open/to open* an online account.
2. The best thing to do *is paying/to pay* your bills by standing order.
3. Why don't you *borrow/to borrow* money to buy a car?
4. How about *invest/investing* your money in shares?
5. Have you thought about *protect/protecting* your house with insurance?
6. Perhaps you could *save/to save* your money in a deposit account?

**16. Work in pairs. Choose one of the problems below and take turns to ask for and give advice.**

*EXAMPLE*

A. *I want to ... What can I do?*

B. *Why don't you get an overdraft? / Perhaps you could use a credit card.*

**I want to ...**

- 1 go out tonight, but I don't have any cash.
- 2 change some foreign currency.
- 3 insure my flat against accidents.
- 4 buy a new television, but I don't get paid until the end of the month.
- 5 borrow the money to buy a flat.
- 6 send some money to my parents in Poland.
- 7 go on holiday, but I don't want to take a lot of cash.
- 8 pay the rent on my flat every month.

**17. Reading**

**a. Who is better at managing money: men or women? Discuss these comments in pairs. Which of them do you think are true?**

1. Women are more careful about managing money and bank accounts.
2. Men usually have more debt than women.
3. Women use store cards more than men because they love buying new clothes.
4. Young women have more financial responsibilities for children than men.
5. Women save more money than men.

**Read the article about a survey of debt among young people and find out if the author thinks the statements are true or false.**

**Who's more in debt: men or women?**

A recent study by the Debt Foundation shows that it is young men who have the biggest debts on their credit cards, but it is young women who have the biggest problems with paying that debt. Why the difference? Stereotypes! Many people still think that women are just bad at managing money. They cannot stop buying new shoes, handbags, or clothes when they see them, and so they borrow money on store

cards that you can get from big shops. But the results of the survey show this is simply not true. Young men, it seems, use store cards just as much as women. Sometimes, they are worse. Also, they save less money than women from their salaries. They open fewer savings accounts than women and take bigger risks with their finance, investing in things like shares. Young men are also less likely to have insurance on their homes and possessions.

What about equality? No, the real reason women can't pay is that women usually have debts on basic things for the home like rent and services simply because they are poorer and often have to support children or older parents on low incomes. The study shows that today at the age of 24 most women earn 15% less than men and have more responsibilities with family and children. These are the real causes of debt problems. So much for equality!

But the worst news from the survey is that, because of their poverty, women often cannot go to big banks to borrow money. They have to use other service companies that charge the highest rates of interest. So, they suffer more and pay more in interest because their family needs are more desperate. The result is that there are more women who have their gas or electricity turned off for non-payment.

**b. Read the article again and answer the questions.**

1. Who borrows more on their credit cards: men or women?
2. Why do women have more problems with paying debts on their credit cards? Find two reasons.
3. Why don't women use banks to borrow money?
4. Which of these comments best summarizes the writer's purpose in the article?
  - a. to show that young women earn less than men
  - b. to show that men are better at managing money
  - c. to show that our popular opinions about women and money are wrong
  - d. to show that men and women are not equal
5. Do the facts in the survey match your own experience with managing money? Why/Why not?

**18. Look at the adjectives below which describe customer services. Match the positive adjectives 1- 6 with the negative ones a-f.**

- |                      |                |
|----------------------|----------------|
| 1 cheap / affordable | a inefficient  |
| 2 polite             | b expensive    |
| 3 secure             | c risky        |
| 4 efficient          | d rude         |
| 5 fast               | e ill-informed |
| 6 well-informed      | f slow         |

**Which of the adjectives do we use to describe:**

- 1 the staff?
- 2 the service?

3 the price?

## 19. Read the newspaper article below and complete the text with words from 14.

### Rip-off Britain

The Daily Recorder investigates consumer banking. National Bank came bottom in our latest survey on UK banking. Here are our good reasons why you should leave National Bank.

- With interest rates as high as 20%, an overdraft at National Bank is very 1.\_\_\_\_\_. We recommend moving to banks like Halibank where the new rate of only 7% is really 2\_\_\_\_\_.

- Our survey showed that staff at National Bank lacked basic customer training. They were often 3\_\_\_\_\_ to customers and very 4\_\_\_\_\_, making frequent mistakes in simple bank transactions.

At 5B Bank, by contrast, we found staff were well-trained and 5\_\_\_\_\_ about the accounts they offered. Our experience at SB was very positive, and the bank staff were always 6\_\_\_\_\_ to customers and very 7\_\_\_\_\_ at dealing with complaints.

- When testing National Bank at lunchtime, we found long queues so service was very 8\_\_\_\_\_. Other banks have learnt from customer complaints and offer a 9\_\_\_\_\_ service with plenty of staff at the counter.

- Finally, low levels of e-protection makes Internet banking at National Bank very 10\_\_\_\_\_. Other banks have invested heavily in technology to stop e-crime and make their services 11\_\_\_\_\_ from hackers.

## 20. Writing. Handling customer complaints

a. You are a trainee customer relationship manager in a bank. You have just received this email from a customer complaining about the service. Read the email and underline the key facts that you think need checking and responding to:

**From:** Lucy Galloway

**To:** Southern Star Bank

**Subject:** payment mistakes

Dear Sir or Madam,

I am writing to complain about the service in your local branch.

Last week I visited the bank to pay the bill for my Internet account. As usual I had to wait fifteen minutes just to get some service from your counter staff. They all seemed more interested in discussing their weekend plans than serving customers.

I arranged to transfer £126 to the Internet company's account by direct transfer. However, this morning I received a letter from the company telling me that the bill had still not been paid. As a result, they will stop my services unless I pay the bill plus £30 penalty charges. I would like to know what you propose to do to correct the

mistake made by your assistant. As a minimum, I think you should pay me for the charges I must now pay the Internet company because of your mistake.

I look forward to hearing from you.

Yours faithfully,

Lucy Galloway

**b.** You discover that the customer is right and the payment was not made. The mistake was due to an error in the bank's reference code caused by a recent upgrade of your software. You correct the mistake and now have to respond to the customer. Look at the extract from the bank's training manual.

### **Bank Training Manual for Staff**

#### **Responding to a complaint usually takes this form:**

- 1 use the subject box to say why you are writing
- 2 acknowledge the customer's letter
- 3 apologize for the mistake / error
- 4 explain how it happened
- 5 tell them what you are doing to correct the situation
- 6 explain how you have corrected the problem and offer some compensation
- 7 make a second apology
- 8 close the mail formally

**Match the following mixed-up sentences from an email that deals with a similar issue with the points in the training manual to identify a good structure for your reply.**

a The problem was due to a computer mistake in recording the date of the salary payments.

b Re: current account payments.

c Once again, please accept my apologies on behalf of the bank.

d The money has now been returned to your account and we would like to offer you £30 as a compensation for the mistake and the inconvenience you have suffered.

e We would like to apologize for the error.

f Yours sincerely,

g Thank you for your email regarding the overcharging on your current account.

h We have now taken steps to correct the software system to make sure it cannot happen again.

**c.** Write your response to Ms Galloway's complaint and decide what compensation you will offer the client.

#### **21. Read the text below and then discuss the questions.**

1. Do you think banks are right to think of their customers as "customers for life"?

2. What do you think are the “changing financial needs of a customer through their life”?

“A happy customer is a customer for life.” That’s the main thing I learned from my training,” says Dereck Jacobs, a customer relationship manager with one of the biggest Swiss banks. “If we make a mistake, we have to put it right immediately. Companies who just focus on the profit from one sale or one transaction are missing the point”.

“Today, the game is not about winning new customers, but keeping our existing customers throughout their life. It’s about selling them new services to meet their changing needs as their life develops: from their first job, to starting a family, buying a house or preparing for their retirement. It costs a fortune in marketing and communication to win a new customer; if we lose them, we are throwing away all our investment. What kind of financial strategy is that? It’s crazy”.

“This means: acknowledge your mistakes and respond positively. Try to meet, or even exceed, the customer’s expectations by showing how much you care. A great sales team knows that a complaining customer is actually not just an opportunity to put things right, but it’s also a way of demonstrating the company’s commitment to them. That way, the best companies turn their complaining customers into fans and build loyalty for life. The short-term cost is nothing compared with the long-term gain”.

### Unit 3

## COMPANY FINANCIAL SERVICES

### Word list

payment systems	платіжні системи
administration costs	адміністративні витрати
working capital	оборотний капітал
long-term capital	довгостроковий капітал
to manage pension funds	управляти пенсійними фондами
in-house	внутрішній
department	відділ
external service providers	зовнішні (за межами компанії) надавачі послуг
treasury	казначейство
financial controlling	фінансовий контроль
internal accountants	бухгалтери, що працюють у компанії
investment banks	інвестиційні банки
to raise capital	збільшувати, примножувати капітал
to comply with accounting standards;	відповідати стандартам обліку
accountancy companies	бухгалтерські компанії



insurance providers	страхувальники
to outsource	передавати певні види діяльності або функції іншій компанії, що працює в даній галузі
the payroll	нарахування заробітної платні
to gain access	отримати доступ
arrange	організувати, влаштувати
be allowed	бути дозволеним
to book	бронювати
break down	розділяти, розбивати
fill in	заповнювати
go through	продивлятися
put together	складати разом, об'єднувати
set up	встановлювати
work out	напрацьовувати, створювати стратегію
provider	постачальник
wealth	багатство

### 1. Read and translate the text.

When people want to set up or start a company, they need money, called capital. Companies can borrow this money, called a loan, from banks. The loan must be paid back with interest: the amount paid to borrow the money. Capital can also come from issuing shares or equities – certificates representing units of ownership of a company. The people who invest money in shares are called shareholders and they own part of the company. The money they provide is known as share capital. Individuals and financial institutions, called investors, can also lend money to companies by buying bonds – loans that pay interest and are repaid at a fixed future date.

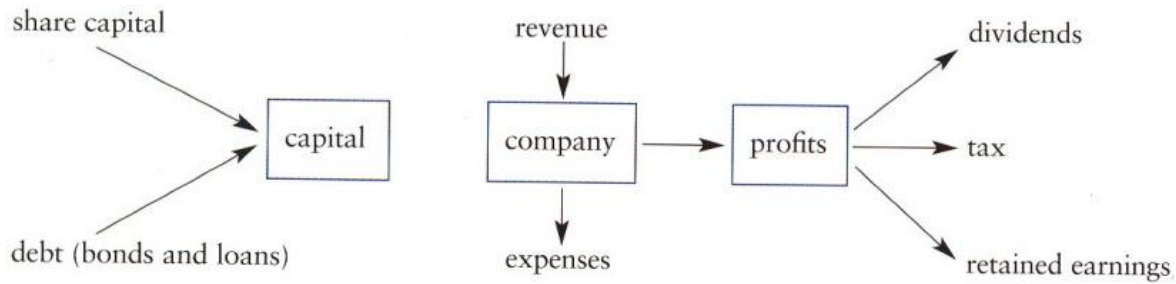
Money that is owed – that will have to be paid – to other people or businesses is a debt. In accounting, companies' debts are usually called liabilities. Long-term liabilities include bonds; short-term liabilities include debts to suppliers who provide goods or services on credit – that will be paid for later.

The money that a business uses for everyday expenses or has available for spending is called working capital or funds.

All the money coming into a company during a given period is revenue. Revenue minus the cost of sales and operating expenses, such as rent and salaries, is known as profit, earnings or net income. The part of its profit that a company pays to its shareholders is a dividend. Companies pay a proportion of their profits to the government as tax, to finance government spending. They also retain, or keep, some of their earnings for future use.

Companies give information about their financial situation in financial statements. The balance sheet shows the company's assets – the things it owns; its liabilities – the money it owes; and its capital. The profit and loss account shows the

company's revenues and expenses during a particular period, such as three months or a year.



## 2. Match the terms with their definitions.

1. to borrow ____	a) the amount of money that a person or an organization owes
2. share capital ____	b) to put money, effort, time, etc. into something to make a profit or get an advantage
3. liabilities ____	c) a statement that shows the value of a company's assets (= things of positive value) and its debts
4. dividend ____	d) money, often money for a specific purpose
5. balance sheet ____	e) an official paper given by the government or a company to show that you have lent them money that they will pay back to you at a particular interest rate
6. assets ____	f) to take money from a bank or other financial organization and pay it back over a period of time
7. profit ____	g) money invested in a business in the form of shares rather than bonds or other forms of lending
8. bonds ____	h) something that is owned by a person, company or organization, such as money, property, or land
9. to invest ____	i) the profit of a company that is paid to the people who own shares in it
10. financial statements ____	j) money that is earned in trade or business after paying the costs of producing and selling goods and services
11. funds ____	k) a report provided by a company for its shareholders and investors that shows details of its financial situation, and includes documents such as the profit and loss account and balance sheet

## 3. Read the text about the company financial services and answer questions:

A large international company today performs a wide range of financial activities. It needs payment systems to buy and sell goods, to pay salaries, rent, and administration costs. It needs working capital to provide money for daily activities and it needs long-term capital for investment. It also needs to manage pension funds, tax, and insurance. Some of these activities are performed in-house by the company's

own departments, but others require the specialization of external service providers, like auditors, fund managers, and tax advisors. In-house departments include:

- treasury, which manages cash flow supported by the company's commercial bank;
- financial controlling, which controls the budgets, making sure that spending is in line with the budget forecasts;
- internal accountants, to put together all the figures and compile the internal management accounts for managers to make decisions. External providers include:
  - investment banks, which give advice on raising capital from the financial markets, and advise on the right mix of funds between shares, bonds, and loans;
  - commercial banks, which provide company accounts and systems of payment
- external auditors, who check that the figures are accurate and the accounts comply with accounting standards;
- accountancy companies, whose advisory departments advise on tax planning, investment, or restructuring;
- pension fund managers, who make the investment decisions for the pension funds;
- insurance providers, who provide protection against risks.

The current global trend is for companies to outsource more and more of these financial operations. The finance department may well transfer responsibility for routine activities like paying salaries (the payroll) or travel expense accounts to external specialists, either in their own domestic market or offshore to places like India. Some advantages of outsourcing include:

- cost reduction, not just cheaper salary costs but, for example, group discounts in hotel or airline bookings, collection of air miles, etc.
- eliminating repetitive tasks, e.g. payroll and travel expenses, allowing managers to focus on their main responsibilities
- gaining access to specialization, for example, more advanced software
- improving customer service and quality.

1 Which financial services does the company provide?

2 What is long-term capital for?

3 What internal departments does the company consist of?

4 What do external providers include?

5. Where do companies outsource their financial operations?

6. What are advantages and disadvantages of outsourcing?

#### **4. Look at the financial service providers a-f used by one of the biggest supermarket groups in the UK.**

a Tax advisor: KPMG

b Investment bank: Goldman Sachs

c Commercial bank: RES

d Insurer: AXA commercial insurance

e Pension fund manager: Merrill Lynch

f Company auditor: PricewaterhouseCoopers

#### **Which of these companies:**

1 provides protection against risks?

- 2 manages the cash accounts and payments?
- 3 checks the company accounts for the shareholders?
- 4 gives advice on raising money from the capital markets?
- 5 manages the pension funds?
- 6 advises on tax and investment planning?

**5. Making requests and offers.** There are many ways of making requests. The way in which we make requests and ask people to do things for us depends on the situation and who we are speaking to.

**Formal:**

- I'd like you to + infinitive (for staff you who work for you)
- Would you + infinitive
- Could you + infinitive
- Would you mind + -ing form (can be used with clients or visitors to a company)

**Informal:**

- Can you + infinitive (when talking to a friend or colleague)
- Don't forget to + infinitive
- When we respond to a request, we sometimes agree and then offer to do something else. These offers are all followed by the infinitive.

**Formal:**

- Of course. Would you like me to...?
- Certainly. Should I...?

**Informal:**

- Sure. Shall I...?
- No problem. Do you want me to ...?

**Match the requests in A with the responses in B. Check your answers by working in pairs and taking turns to make the requests and responses, completing each sentence with an appropriate phrase.**

**A**

- 1 \_\_\_\_\_ arrange a taxi to pick me up at the airport?
- 2 \_\_\_\_\_ look after my laptop while I'm at lunch?
- 3 \_\_\_\_\_ show me where the stationery is?
- 4 \_\_\_\_\_ send out a memo about the new expense forms?
- 5 \_\_\_\_\_ organize some food for the reception?
- 6 \_\_\_\_\_ help me fill in this application form?

**B**

- a \_\_\_\_\_ show you where the photocopier is as well?
- b \_\_\_\_\_ lock it in the cabinet?
- c \_\_\_\_\_ prepare name cards for the guests, too?
- d \_\_\_\_\_ also send people a copy of the form?
- e \_\_\_\_\_ organize a hotel, too?
- f \_\_\_\_\_ check your CV as well?

**6. Complete these instructions from an airline company on rules for passengers. Choose the correct form.**

- 1 If you register online, you don't need / needn't check in at the airport.
- 2 You mustn't / don't have to carry liquids or sharp objects in your hand luggage. These must! need be carried in your baggage in the hold.
- 3 You must / may show your passport or identity card before boarding.
- 4 You are not allowed to / don't have to use mobile phones during the take-off. All mobiles are not allowed to / must be switched off before.
- 5 Your hand luggage must not / needn't exceed 20 kg.
- 6 Smoking is not compulsory / is not permitted in any part of the terminal building.

**7. Match the phrasal verbs in A with their formal equivalent in B:**

A	B
I'd like you to	
1 ... go through the figures for last year.	a prepare from different sources
2 ... fill in these client application forms.	b calculate
3 ... put together some figures for us.	c complete (a document)
4 ... break down the figures by region.	d separate items into their parts
5 ... deal with the problem now.	e examine
6 ... work out the cost of building a new warehouse.	f resolve

**8. Use the phrasal verbs from 5 to complete the email from Dave to his assistant.**

Helen,

When I am away next week, could you 1 \_\_\_\_\_ a few problems for me?

First of all, would you 2 \_\_\_\_\_ the cost in USD of leasing the trucks in USA rather than buying them.

Secondly, can you ring the different departments and 3 \_\_\_\_\_ some figures on how much the total expenses will be? And don't forget to ask them to 4 \_\_\_\_\_ the figures by item.

And, can you also 5 \_\_\_\_\_ the application for the EU grant. It's very urgent.

Finally, can you arrange a meeting with all staff and ask Derrick to 6 \_\_\_\_\_ the steps needed to set up the new accountancy software?

Many thanks. See you next week.

Dave

**9. It's my job.**

a. If you decide on a career in finance, you may have to choose between working in banking and working in the finance department of a big company in industry. How do you think the two careers are different?

b. Lucille has tried both careers, but which did she prefer? Read the text and find three things she likes about her career in industry.

c. Which of these careers would you prefer?

*Lucille Lagrange*

*Job Risk investment manager for an international oil company*

*Location Houston, Texas*

*Studied Business Administration, specializing in Finance*

*Started present job March 2010*

- Why did you decide to work for an international oil company?

- Three words - global, exciting, challenging. After university, my first job was with a large investment bank. I worked in a dealing room but I quickly decided that it wasn't the career I wanted. After a year, I decided to resign and to find a job where I could use my knowledge of finance directly in industry. So far, I am very happy with my choice.

- What do you most enjoy about your job?

- I love the challenges of the big projects I work on here and the diversity of the people in the company. Last month I worked in a team of eight people from every continent. I also love the part of my job that involves managing risk. Building refineries, for example, creates wealth and jobs in poorer countries but also involves managing huge risks of pollution or potential accidents. Even the choice of equipment we use affects the global environment and global warming. So your decisions have a direct impact on people's lives. Solving these problems is one of the most difficult parts of the job, but it's also the most rewarding.

- What are your future career plans?

- I'm not sure what and where my next job will be. To work as a controller would probably be the next obvious step. But working here I know the company will help me to develop into what I want to become - a financial manager whose job has a real effect on people's lives.

**10. Look at these headlines. What do you understand by 'outsourcing'? Check the meaning by looking at the dictionary definitions below.**

1. JP Morgan Chase to hire 4500 graduates in India: plan to shift 30% of back-office staff

2. Union campaigns against HSBC's jobs outsourcing: 4500 back-office jobs lost in UK

3. Deutsche Bank uses Russian IT company for 27 different projects

*outsourcing* - the process of arranging for smb outside a company to produce goods or provide services for that company

*in-house* - existing or happening within a company

*back office* - the part of a business which does not deal directly with the public

**11. Read the article and answer the questions.**

Who pays your salary every month? Who owns the office or factory in which you work? Who organizes all your business travel arrangements for you? Who manages the company's pension funds?

If you work for a big European company today, your salary is probably paid and managed by another company - an outsourcer - and not by your employer. Maybe it's in India or South Africa. Your office is probably owned by a financial property

company who rents the building to your company. Your pension may be managed by an investment bank or fund manager for a fee. And if you have to travel for business, all the expenses you claim are often paid by a travel expense specialist.

The fact is that, in a global world, it is no longer a good idea to manage all the financial services in the company. Instead, it is much better to give the work to a specialist provider. Then, your managers can spend their time on the really important business areas where the company makes its money. This means it can often cut costs, improve the quality of its service, and free its top managers from administration and office work. It is a win-win situation. Maybe we need to change many of our old ideas about what a company's finance department should do.

Welcome to the world of outsourcing. But what does it mean for staff? When you ask people about outsourcing, many employees are frightened. They talk of job losses and of insecurity - 'it could be my job next'. But the fact is that many don't really see any change. What's more, they go home and use the same services in their private life. Paying bills, talking to their telephone bank or insurance provider, or booking their holidays, many of these jobs are already done in foreign countries. It seems that, in the global village, we depend on service providers in countries or places we have never seen.

1. Find four examples of financial services that companies outsource today.
2. What are the main advantages of outsourcing?
3. How do workers usually react to outsourcing?
4. How would you feel if your salary was paid by an out sourced company? Would you be worried? Why?
5. Many people say outsourcing is "bad for workers but good for consumers". Do you agree? Why?
6. Why do you think an outsourcing company can provide a cheaper service?
7. What sort of cultural problems can a company have if it outsources services to a foreign country?
8. Have you used any outsourcing services like Internet help lines or telephone banking? If so, what did you think of the service?

## **12. Individual task.**

### **a. Study the information below:**

According to the IT outsourcing statistics by Technavio, the value of the IT outsourcing market is expected to reach \$486.16B by 2024 growing at 5% during 2020-2024. The majority of organizations across sectors are accelerating their digital transformation, especially fintech, healthcare, and telecom. Businesses in these industries are following IT outsourcing trends and are the most likely clients who are searching for IT outsourcing services. Cloud technology is on the rise. Companies will increasingly outsource the migrations, maintenance, security, compliance, and day to day troubleshooting related to the cloud.

According to Gartner, cloud system infrastructure services is expected to grow from \$44B in 2019 and reach \$81B by 2022. The crisis caused by the global

pandemic has impacted IT outsourcing trends in 2021. It has a significant impact on business decisions and technology investments planned for 2021. The growing number of companies of different sizes plan to increase their use of IT outsourcing. From our experience, we can also confirm this trend. If at the beginning of the pandemic some of our clients scaled down their teams or freeze IT outsourcing, a few months later they resumed IT outsourcing and even scaled up development teams. Many of those who have never outsourced, plan to do it for the first time in 2021. Judging from the previous crisis in 2008, few companies will stop their outsourcing efforts. Even during the 2008 recession, only 9% of businesses decided to terminate relationships with IT outsourcing partners.

**b. Find the words in the text to match the definitions:**

- to cause faster or greater activity, development, progress, advancement in some field;
- the field concerned with the maintenance or restoration of the health of the body or mind;
- a disease prevalent throughout an entire country, continent, or the whole world;
- influence, effect;
- to make greater, as in number, size, strength, or quality; augment;
- to reduce in size, quantity, or activity according to a fixed proportion;
- to stop; cease moving, operating, etc., either permanently or temporarily;
- a period of an economic contraction, sometimes limited in scope or duration.

**c. Introduce them in your sentences.**

**d. Find out more about how the migrations, healthcare, telecom, security are using outsourcing. Choose one of them, go on the Internet and search for “France Télécom + outsourcing”.**

What kind of services are they choosing to outsource?

Where are they moving the work?

What are the benefits?

What do customers think of the service?

**13. Match words with their definitions:**

- |              |  |
|--------------|--|
| trend        | one of the equal parts into which a company is divided and sold to the public  |
| recession    | to change frequently in size, amount. etc.   |
| upturn       | to keep a permanent account of financial details such as sales, purchases, etc. by writing them down, storing them in a computer, etc. |
| recovery     | a situation in which the economy, business activity, etc. improves or increases over a period of time                                  |
| to fluctuate | a period of temporary economic decline, during which there is less trade and industrial activity and unemployment increases            |



to record	a return to a normal state of strength or economic activity
developed	the process of learning the skills that you need to do a job
economy	
to decline	the desire of customers to buy or use a particular product, service, etc.
demand	a general direction in which a situation is changing or developing
downturn	the amount of money that is available to a person or an organization and a plan of how it will be spent over a period of time
share	to become smaller, fewer, weaker, etc.; to decrease
training	a fall in the amount of business that is done; a time when the economy becomes weaker
budget	a country or region that has an advanced economic and social system with many industries

#### 14. Controlling business expenses

When you travel on a business trip for your company, you can usually claim travel expenses when you return. But different companies have different rules for expenses. Make a list of things you think you are allowed to (and not allowed to) claim for.

B&M is a fast-growing company which specializes in lighting for domestic security and gardens. Last year they expanded into southern Europe. However, with the fast growth, the finance department neglected cost control. Travel expenses are at least 30% over budget. As a result, the finance director is considering outsourcing all the expenses claims to control the problem. Your company, a specialist outsourcer, has just received this email from Bill Devon, the CFO of B&M, explaining their problem.

**Read the email and using the comment boxes, make a note of the questions you need to ask B&M about their expenses policy.**

Here's the list of problems you asked for:

1 Many expense claims are arriving three months late. We don't know how much we are really spending each week on travel expenses = *What is the time limit for making expenses claims?*

2 Staff are not using the central reservation system to book flights. We are paying top prices because they are booking individually at the last minute =

3 Some claims are being made with no bills - or invoices to support them. As a result, we cannot check if they are true =

4 Some staff are using four-star hotels and top restaurants. One recent bill was for more than €500 =

5 Staff are not giving their free air miles to the company. They are using them to book private holidays =

6 Sales staff have begun to use 'business class' for all travel journeys, even short duration. Expenses are up 42% in twelve months =

7 Sales executives are giving expensive gifts to customers This may create risks for the company of bribery or corruption =

I look forward to receiving your proposed solutions for each of them.

Best regards,

Bill

### **15. Work in pairs.**

Have a meeting to work out a policy on travel expenses. Using the list of points in the email above as an agenda, decide together what the company policy should be. Make notes on the decisions you make in the action plan below:

1 time limit on submitting expenses claims = *submit within four weeks*;

2 booking travel =

3 receipts =

4 accommodation / meals =

5 policy on air miles =

6 flights: business / economy class =

7 gifts =

### **16. Writing a memo.**

A good memo

- makes it clear who is meant to read it
- has a short subject heading that makes it clear what the memo is about
- presents information as briefly and clearly as possible using a numbered list or bullet points
- is normally written in a formal style. This means the writer avoids using the personal pronouns *I*, *you*, and *we*.

**a. Look back at the notes you made in 11 about travel expenses at B&M and complete the memo, using modals. Then add two extra rules about expenses of your own.**

**From:** Bill Devon

**Memo to:** all sales staff

Subject title

**Subject:** New guidelines for business travel expenses

Introduction (explaining purpose of memo)

Following our investigation into business travel expenses, we are introducing the following new guidelines for business travel expenses:

Listed items (numbered or with bullet points)

1 All staff \_\_\_\_ claims within \_\_\_\_ days. Staff \_\_\_\_ use the travel expense form.

2 Individual booking of flights \_\_\_\_\_

The only exception is \_\_\_\_\_

3 Staff \_\_\_\_\_ invoices to support all expense claims.

If not, \_\_\_\_\_

4 In future, staff \_\_\_\_\_ to reserve four-star hotels.

Staff \_\_\_\_\_ observe the new limit for daily expenses of € \_\_\_\_\_

5 Management \_\_\_\_\_ use business class when \_\_\_\_\_

For short European flights, staff \_\_\_\_\_

6 Sales staff \_\_\_\_\_ keep air miles for private use.

7 Company employees \_\_\_\_\_ accept or give gifts of more than € \_\_\_\_\_

Any other gifts \_\_\_\_\_

8 [your rule] \_\_\_\_\_

9 [your rule] \_\_\_\_\_

Concluding note (for thanking, offering to answer queries, etc.)

Thank you in advance for your co-operation.

Name and job title of person issuing memo

Bill Devon

Finance Director

## Unit 4

### ECONOMIC INDICATORS

#### Word list

decrease	зменшуватись
fall	падати, знижуватись
fluctuate	коливатися
increase	збільшуватись
level off	вирівнюватись
plunge	різко знижуватись
reach a peak	досягати вершини
rise	підніматися
rocket	злітати
surge	підніматися, наростати
dramatically	різко
slightly	трохи
steadily	стабільно
economic indicators	економічні показники
balance of trade	торгівельний баланс
exchange rate	курс обміну валют
gross domestic product (GDP)	валовий внутрішній продукт (ВВП)
inflation	інфляція
interest rates	відсоткова ставка

unemployment rate  
private sector  
privatize

рівень безробіття  
приватний сектор  
приватизувати

**1. Answer questions and make notes of your answers:**

- 1 What facts do you know about the economy in your country?
- 2 How many people live in your country?
- 3 What is happening to prices in the shops?
- 4 How many people have no job? Do you know anyone who is unemployed?
- 5 What is the exchange rate of your country's currency to the US dollar?
- 6 Is your country's economy growing or declining?
- 7 How much interest do you pay on bank loans?
- 8 Do you know how much a litre of milk costs in your country? Do you know how much it cost a year ago?
- 9 Which items do you think are "staple" items? Make a list of some staple items you buy.
- 10 Is the manufacturing industry in your country growing or declining? Can you say why?

**2. Match the indicators a-h with the definitions 1-8.**

- |                          |  |
|--------------------------|--|
| a population             | 1 the movement of prices in the economy  |
| b gross domestic product | 2 the cost of borrowing money from a bank  |
| c growth rate            | 3 the relation between imports and exports   |
| d interest rates         | 4 the value of a country's money compared with other currencies, such as the US dollar |
| e unemployment rate      | 5 the number of people who live in a country   |
| f inflation              | 6 the number of people with no job   |
| g exchange rate          | 7 the total size of an economy   |
| h balance of trade       | 8 the rate of expansion in the economy   |

**3. What can you learn about an economy from its economic indicators? Look at the table for these two developing economies: Turkey and Poland. Look for the missing data and fill in the table:**

Economic Indicators	Turkey	Poland
a population	76.8m	
b gross domestic product		US\$ 686.2bn
c growth rate	-5.8%	
d interest rates		5.0%
e unemployment rate	14.6%	
f inflation		3.4%
g exchange rate	US\$ 1 = YTL * 1 .55 * Turkish New Lira	
h balance of trade		US\$ -3.585

**4. What can you learn from this data about the two countries? Discuss in pairs or small groups:**

- 1 Which country has the bigger economy?
- 2 Which country has the higher growth rate?
- 3 Which has the worse inflation rate?
- 4 Which has the better interest rates for borrowers?
- 5 Do you see any dangers for the economy in any of the indicators?

**5. Look at the news stories. Underline the verbs that tell you how the indicators moved: up or down.**

**A** German unemployment rate falls slightly as the economy continues to create new jobs. Exports, especially of machinery, rise dramatically as world demand remains strong.

**B** Bank of England warns as inflation increases sharply to 3.4%. House owners offer more pain as mortgage rates go up by 0.5% from 4.5% to 5%.

**C** Oil prices decrease as demand from China goes down sharply.

**D** US house prices continue to fall steadily as the number of new homes constructed drops steeply and firms lay off workers.

**E** Over the last month oil prices have fluctuated wildly between \$95 and \$123. Prices rocketed at the beginning of the month and they reached a new peak of \$123. But, with fears of an economic slowdown, the price subsequently plunged and hit a low of \$95 last Thursday. They levelled off at the beginning of this week at \$108 and have now recovered to \$115. But oil analysts expect they will surge to new highs over the next 2 months

**6. Look at the following verbs: *decline, decrease, fluctuate, grow, increase, remain steady, rise, stabilize* and complete the table below. Use also the verbs you underlined in 5.**

<u>go up</u>	don't move	<u>go down</u>

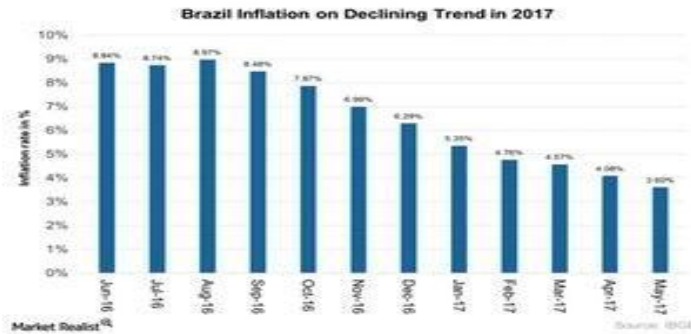
**7. Find these adverbs in the headlines: *slightly, steadily, sharply, steeply, dramatically*. Which of the adverbs describe:**

- a big change?
- a small change?
- a continuous change over time?

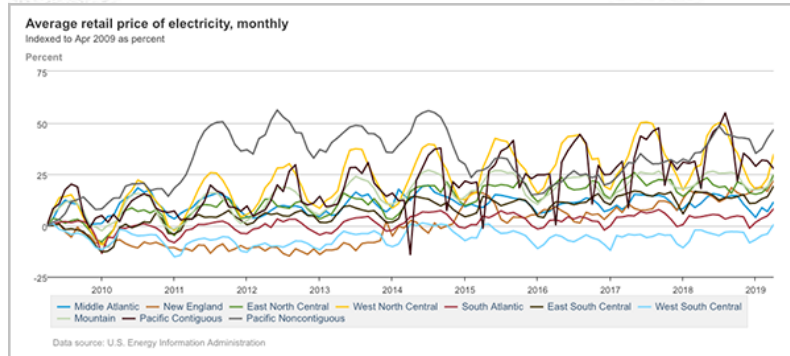
Introduce them in your own sentences.

**8. Look at these graphs. Complete the sentences with the correct form of the verbs: *decline, fall, fluctuate, remain steady, rise, stabilize*.**

1 Inflation is



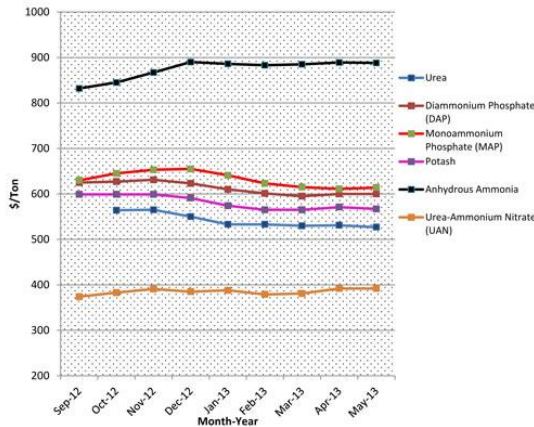
2 Retail prices are



3 New construction in Britain is

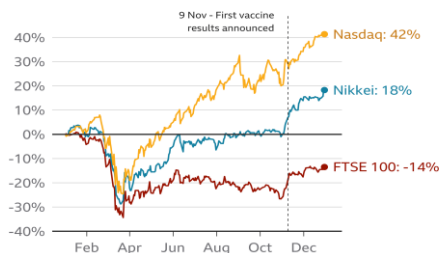


4 Fertilizer prices are



5 The stock market is

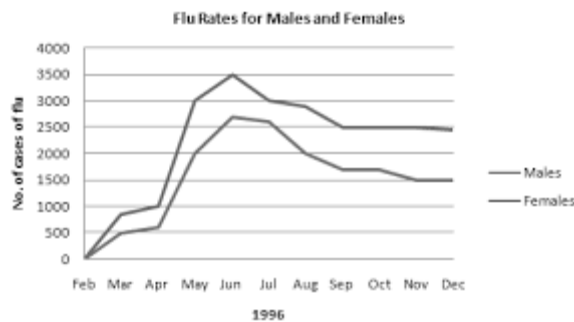
The impact of coronavirus on stock markets since the start of the outbreak



Source: Bloomberg, 30 December 2020, 17:00 GMT



6 In November flu rates ...



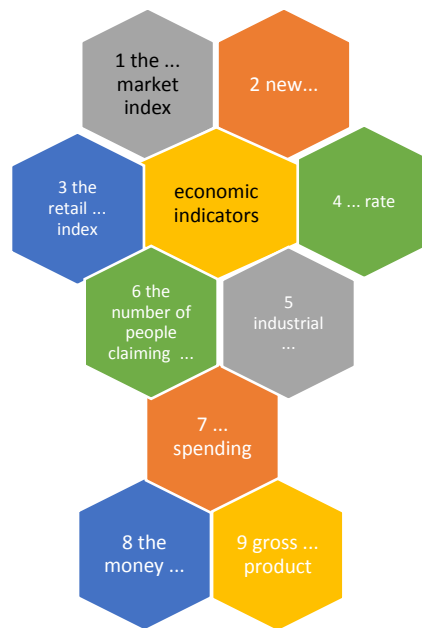
**9. Match the words with definitions. How do the following words and expressions affect the economy?**

- construction                      the industry of constructing buildings, roads, etc.”50,000 more jobs will go from construction”
- staple items                        the output of the industrial sector, which typically comprises mining, manufacturing, utilities and, in some cases, construction
- unemployment                      the value of the goods and services purchased by residents of a country
- retail prices                         a basic or necessary item of food
- manufacturing                      the prices that the customers buying goods at retail outlets pay
- productivity                         pay
- consumer spending                the number or proportion of unemployed people
- industrial production               the ratio of how much a company can produce (output) based on a given amount of input

**10. Read this text. Use the information in the text to complete the diagram below.**

Economists use economic indicators to analyse a country’s economy. Economic indicators are statistics about the economy. They show how well the economy is doing and they enable economists to predict how well it will do in the future. The indicators include the stock market index, the retail price index (a measure of inflation), the unemployment rate, the number of people claiming benefits, new construction, industrial production, consumer spending and changes in the money supply.

Leading economic indicators are indicators which change before the economy changes. The stock market is an example of a leading economic indicator. The stock market usually begins to decline before the economy declines and it generally improves before the economy begins to come out of a recession. Leading economic indicators are the most important type for investors as they help predict what the economy will be like in the future.



**11. Match the economic indicators from the diagram to these explanations:**

- 1 The number of new houses people are building:\_\_\_\_\_;
- 2 The number of people who don't have jobs:\_\_\_\_\_;
- 3 A list of selected shares representing the performance of the whole stock market:\_\_\_\_\_;
- 4 The number of people without jobs who get money to live on from the government:\_\_\_\_\_;
- 5 A record of price changes in a range of staple items, such as bread and milk, which are essential for a normal household:\_\_\_\_\_;
- 6 A measure of the changes in the amount produced by industries including manufacturing and mining:\_\_\_\_\_;
- 7 The number of things sold to customers in a specific period of time:\_\_\_\_\_;
- 8 A country with larger \_\_\_\_\_ will have a greater amount of goods and services generated within it, and will generally have a higher standard of living;
- 9 The total amount of money in the economy, including currency held by the public and money in bank accounts:\_\_\_\_\_.

**12. Find the words in the text in 9 that mean the following:**

- 1 prices getting higher: \_\_\_\_\_;
- 2 to say what you think will happen in the future: \_\_\_\_\_;
- 3 to get smaller or become worse: \_\_\_\_\_;
- 4 money the government pays to people who are sick or don't have jobs: \_\_\_\_\_;
- 5 building new homes or offices: \_\_\_\_\_;
- 6 a period of time when an economy has negative growth: \_\_\_\_\_.

**13. Use your answers from 11 to complete these sentences.**

- 1 We hope the economy will come out of \_\_\_\_\_ in the next few months.
- 2 Malcolm lost his job three years ago when he became ill. Now he's living on \_\_\_\_\_.



- 3 Economists \_\_\_\_\_ that the price of oil will rise again next year.  
4 Last year a litre of milk cost 60 pence; today it's nearly 80 pence – that's \_\_\_\_\_.  
5 The industrial sector is \_\_\_\_\_ so unemployment is rising.  
6 Jim has a job in \_\_\_\_\_. His company is building an office block in the centre of the city.

**14. Put these words in order to make sentences about the economy.**

- 1 Today's / unemployment / show / figures / that / is rising  
2 Interest / very / rates / are / at / moment / high / the  
3 Consumer spending / rises / summer / the / often / in  
4 The / stock market / leading / economic indicator / is / of / an example / a  
5 The / remained / steady / retail / index / price / in the / quarter / last

**15. Making a presentation: useful tips:**

- First, note down all the points you want to make.
- Plan your structure with a clear introduction, two or three paragraphs and a conclusion.
- Check the stress and pronunciation of any difficult words.
- Don't read out your text. Try and learn it in advance and use only notes.
- Make sure you look directly at your audience and make eye contact.
- Practise with friends and colleagues beforehand.
- When you start, check that the audience can hear you.
- Above all, speak slowly and clearly.

**16. Reading. Life in modern Britain**

**a.** Economic indicators can give us a picture of the historical development of a country. What do you think people spent their money on 50 years ago? What can economic indicators tell us about life in modern Britain?

In 1957, the UK government began a survey of the spending of a typical English family called the Family Spending Survey. In this year, three items made up nearly 50% of all family expenditure: food, fuel, and rent. If you include clothing and travel, these basics made up nearly 70% of all family spending. The main luxuries for the ordinary family were tobacco and alcohol, which represented just under 10% of spending. The next biggest luxury item was meals eaten out in restaurants, representing 3% of spending. When the government did the same survey fifty years later in 2007, the figures were very different.

**b.** Discuss in pairs.

- What do you think are the largest items of family spending today?
- Put these items in order of importance (1 = biggest item; 5 = smallest item): food / clothing / housing / leisure / transport

**c.** Now read the conclusions of the 2007 report and write the correct percentage against each item.

Over the last fifty years, UK family income has doubled in real terms, but the pattern of family spending has changed dramatically. Basic necessities, including food, now account for only 15% of our family budget, compared with 33% in 1957. And half of that food budget now consists of meals and takeaways - a new category introduced in the 1970s. But the cost of housing, including mortgage interest payments or rent, has more than doubled since 1957 from 9% to 19%.

However, the biggest change is in the growth of leisure, including everything from holidays, DVD, rentals and sports clubs. This now represents 7% of spending, while clothing is only 5%. Motoring and travel costs have increased sharply from 8% of spending in 1957 to 16% in 2006, mostly because of rising car ownership, with three in four families owning at least one car. Surprisingly, spending on alcoholic drinks accounts for the same proportion of spending as it did 50 years ago at 3% - although in absolute terms it is much higher. But, in contrast, the proportion of the average budget spent on tobacco has fallen sharply from 6% in 1957 to just 1 % in 2006.

**d.** Discuss in pairs.

- Why do you think spending on food has fallen so sharply?
- Why has transport spending increased so dramatically?
- Family income has doubled over fifty years, but does higher income create happiness? What kind of problems could it bring?

### **Describing change and cause**

To talk about a period of time that is finished and not connected to the present, we use **the Past Simple**.

In 1957, three items *made up* nearly 50% of all household expenditure.

Last year family income *increased* by 3.4%.

To talk about a situation in the past that continues into the present, we use **the Present Perfect** (has / have + past participle).

Family income *has doubled* over the last fifty years.

Since 1957, spending on cars *has risen* from 8% to 16%.

Note how the time expressions (*over the last fifty years, Since 1957*) show if a speaker considers the situation or action is finished or not finished.

### **17. Mark these time expressions F (finished), NF (not finished), or B (both):**

1 since 1957

2 for two years

3 over / in the last fifty years

4 until 1980

5 in 2001

6 last year

7 recently

8 so far this year

9 at the end of the war

**18. Complete these sentences using the verbs in brackets in the correct form.**

- 1 Spending on leisure \_\_\_\_\_ (increase) sharply since the 1970s.
- 2 The market for music CDs (grow) steadily until 2001.
- 3 Tobacco consumption (decrease) dramatically from 1957 to 2006.
- 4 Spending on electronic goods (go up) by 12% so far this year and economists expect it to rise further by Christmas.
- 5 Over the last fifty years, spending on transport \_\_\_\_\_ (rise) dramatically.
- 6 Oil prices (fall) sharply when the peace talks were announced.
- 7 We (see) a big increase in obesity problems among children recently.

**19. Reading**

You are an analyst working for an investment fund ABS. Your team has asked you to prepare some background on Kazakhstan and wants you to provide data on economic indicators in order to understand the risks of investing in the country. They have sent you some questions to answer.

First, look at the questions and the table and make notes of your answers.

- 1 Can you give us some background on Kazakhstan?
- 2 What has happened to GDP since 2003?
- 3 What is happening to the inflation rate?
- 4 What was the exchange rate to the USD in 2009?

<i>Basic economic indicators</i>	<i>2003</i>	<i>2005</i>	<i>2007</i>	<i>2009</i>
Population (m)	15.0	15.2	15.5	15.4
GDP (US\$ bn)	30.8	57.1	101.2	107
Consumer price inflation (av. %)	6.5	7.6	8.8	7.3
Exchange rate (US\$)	149.6	132.9	122.7	147.8

**Read the text below about recent developments in Kazakhstan and make notes of your answers:**

**Kazakhstan: economic background**

During the past few years, the economy in Kazakhstan has grown at an average rate of about 7%, one of the fastest rates in the world. Income per capita is now 65% higher than in 2000. Foreign investment has increased sharply in the last 10 years and will reach \$28bn this year, 80% of it in the oil sector. So, the immediate future looks good.

According to the minister of economy, the size of the economy – currently \$37.6bn – is expected to triple by 2015 as a result of increased oil production.

At the moment, Kazakhstan is producing 1m barrels of oil a day and planning to triple this output in the next 10 years. However, Kazakhstan is at risk from a sharp increase in the local currency fed by revenues from natural resources, making the economy uncompetitive.

Kazakhstan is already showing some signs of growing too fast. The boom in consumer spending cannot be satisfied by the local economy and it has created a sharp increase in imports and levels of debt.

An even bigger danger is the risk of the government wasting revenues from natural resources by spending them on prestigious projects rather than on health, education and infrastructure.

So far, Kazakhstan has not made any significant mistakes.

In the past decade, the country has restructured its economy and created a free market. In fact, it has overtaken Russia in many of its reforms.

It has built a stable banking system, introduced a private pension plan, and privatized its electricity sector. Unlike Russia, where banking is still dominated by the state-controlled Sberbank, Kazakhstan has privatized all its banks and the private sector is enjoying healthy competition.

Most important of all, it now has a private sector that is driving economic activity: three-quarters of all investments in the country are made by the private sector.

1 How much oil are they now producing?

2 How much oil will they produce in ten years' time?

3 What are the three biggest risks of investing there?

4 What reforms have they made in the last few years?

5 Is the economy state controlled or private?

6 Who controls the banking sector?

7 How does the banking sector compare with Russia?

## 20. Writing a report.

When writing a financial report it is important to organize the information in clear sections with a heading, sub headings, and numbered paragraphs. A good rule is to think of matching one main idea to one paragraph. In financial reports, people want to know what is fact and what is opinion and interpretation. So judgements (for example, explanations of what figures mean, predictions of what will happen in the future, and recommendations for what to do) should be separated from the facts. If you are making a personal judgement, you can use expressions like:

*I think / believe that inflation will increase by 5%. My recommendation is / I would recommend that we invest cautiously in this market.*

If you are reporting other people's opinions, you can quote them directly. Or, if you don't want to say whose opinion it is, you can use the passive:

*The IMP expects inflation to increase by 5%.*

*The consultants **have recommended that** we invest cautiously in this market.*

*Inflation **is expected** to increase by 5%.*

*Cautious investment in this market **has been recommended.***

**a. An analyst's report usually contains these five main sections. Match the headings 1-5 with the definitions a-e.**

1 Title (of the report)

2 Executive summary

3 Objectives

4 Findings

5 Recommendations

a The purpose of the report and who it is written for

b A brief summary in a few sentences of what the report contains

c What action should be taken based on the results of the report

d The information found in all the research, organized by paragraph with subheadings

e What the report is to be called and who wrote it

**b. Using your notes from your research on Kazakhstan in 19, complete the report:**

### **Report on the Kazakh economy**

**Title** \_\_\_\_\_

Written for ABS fund management team.

**Executive summary:** The Kazakhstan economy offers great opportunities for investment, especially in the oil and natural resources sectors. Growth is currently 7% per year and domestic consumption is rising sharply.

**1 Objectives:**

The purpose of the report is to analyse \_\_\_\_\_

**2 Findings:**

*Section 1: Background*

Since 2003, GDP \_\_\_\_\_

The inflation rate \_\_\_\_\_

The exchange rate \_\_\_\_\_

*Section 2: Current situation*

Oil: \_\_\_\_\_

Risks: \_\_\_\_\_

Reforms: \_\_\_\_\_

The banking sector: \_\_\_\_\_

**3 Recommendations**

Given the strong growth forecasts I would recommend that our fund \_\_\_\_\_

### **21. Individual task**

**a.** You have US \$500,000 to invest for your fund in emerging markets. Choose one of the countries which are also emerging economies: Vietnam, Ukraine, Chile, Slovakia, Morocco, Romania, Indonesia. Look on the Internet to find the key data about its economy. A good place to start looking is [www.economist.com](http://www.economist.com) and look up country reports. Follow these key points:

Country	1	2	3
growth			
inflation			
interest rates			

key sectors			
main exports			
risks			
opportunities			

b. Work with two partners. Ask them questions to get the key data about the country they have researched. Put the data in your table.

c. Work together to decide which is the best place for your fund to invest and why.

**22. Read the interview below and find out why the job of a financial journalist requires a lot of financial research.**

**Job title:** Financial journalist at an online daily newspaper

*What does your job involve?*

Researching news stories and features for the website and keeping up to date with developments in the financial world.

*You worked as a financial journalist on a newspaper before. How is online journalism different?*

Readers of websites expect you to react more quickly to events. This means you have to constantly monitor what is happening. At the same time, you have to be accurate: that means checking financial data and economic statistics to illustrate what you are writing about. Also, there are so many websites and so much information already available to the public that you have to work much harder to get a story.

*And which do you think is better: websites or newspapers?*

Websites, definitely. We can link to background material, show graphs and charts in interesting ways, and we can follow a story as it develops, whereas a newspaper is always slightly out of date. This is especially important for a fast-moving field like finance.

*But are there any disadvantages?*

Well, we sometimes have technical problems with our software. And there is also the problem of getting people to pay for content, when they are used to getting a lot of material on the web free of charge.

## Unit 5

### ECONOMIC CYCLES

#### Word list

boom	бум, швидкий підйом
capacity	здатність, спроможність, потужність
crash	крах, банкрутство
depression	застій, занепад; економічна криза
downturn	(економічний) спад

infrastructure	інфраструктура
recession	спад, рецесія; падіння, зниження
recovery	(економічне) поживлення; відновлення
slump	раптовий спад (ділової активності); (різкий) економічний спад
upturn	підйом, покращення; підвищення, зростання
cool (demand)	знижувати (попит)
decline	опускатися; зменшуватися, іти на спад; занепадати; погіршуватися
experience	знавати, переживати, відчувати
go bankrupt	знавати банкрутства, збанкрутувати
grow	рости, збільшуватися
recruit	наймати на роботу
rate	ставка, відсоток, коефіцієнт, ступінь, рівень, показник
slowdown	уповільнювати
stimulate	стимулювати, спонукати
suffer	знавати
buoyant	жвавий
sluggish	повільний, млявий

### 1. Work in pairs and answer the questions.

1 How long does a normal economic cycle last?

- a) about three months
- b) about a year
- c) about five years
- d) about ten years

2 Why do economies move in cycles?

3 How does your spending in the shops affect this cycle?

### 2. Complete the sentences.

When people reduce their spending, the economy experiences a r \_\_\_\_\_.

When they increase their spending, the economy experiences a r \_\_\_\_\_.

### 3. Look at the words below which are commonly used to describe economic cycles.

Which words describe positive growth and which are negative? Mark them “+” or “-”.

Which words describe a short-term phase (three months) and which are medium-term (six months and more)? Mark them “S”, “M” or “both”.

Which words describe extreme conditions of the cycle? Mark them “!”.

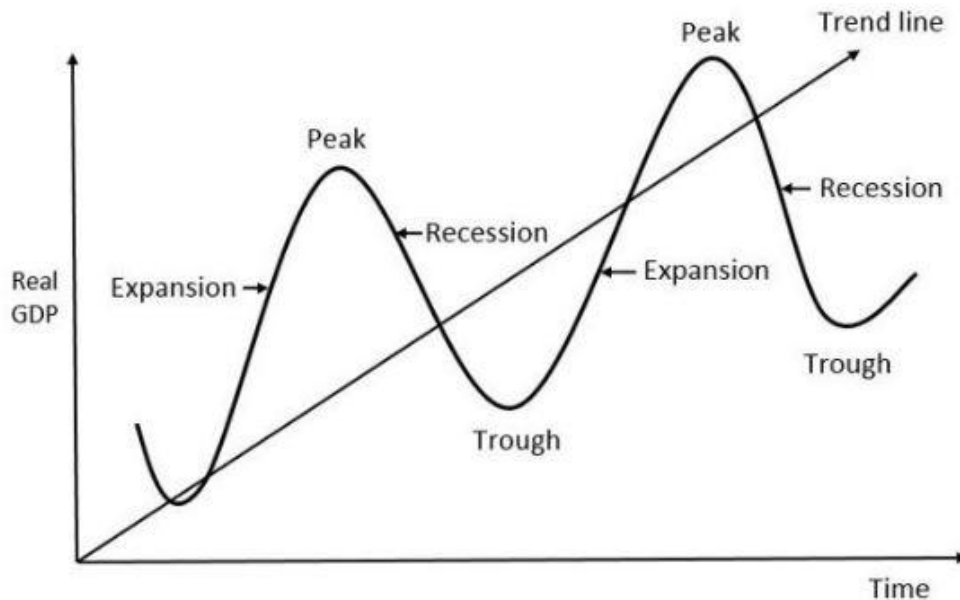
	+ or -	S, M or both	!
slump			
upturn			
recession			

boom  
downturn  
recovery



#### 4. Study the information.

Business cycles have four distinct phases: expansion, peak, contraction (recession), and trough.



#### **Expansion:**

Expansion is characterized by

- (a) Increasing employment
- (b) Economic growth
- (c) Upward pressure on prices.

Expansion is between the trough and the peak.

#### **Peak:**

Peak is the second phase which is the time when expansion transitions into the phase of contraction.

#### **Contraction (recession):**

Contraction starts at the peak and ends at the trough. The economic growth is weak at this phase.

#### **Trough:**

Trough is the fourth phase where the economy transitions from contraction to expansion. It's the time when the economy hits bottom.

#### 5. Complete the text with the words from the list. There are two extra words/phrases which you do not need to use.

*decrease phase reaches production interest rates point fluctuating  
contraction(2) growth inflation slows maximum rate rise consumer spending  
the GDP market-based*

The economic cycle is the **1** ... state of an economy from periods of economic expansion and **2** .... It is usually measured with **3** ... of a country or region. Other



economic factors, such as employment rates, **4** ..., and interest rates, can also be used to determine the stage of the economic cycle.

In today's world, virtually every economy is a **5** ... economy in which the laws of supply and demand determine prices. Supply and demand pressures influence the economy through different variables, such as global economic conditions, trade balances, productivity, inflation rates, **6** ..., and exchange rates. The variables, in aggregate, shape the economy and the state of the economic cycle.

The economic cycle is a trend of upward and downward movements of GDP that ultimately determines the overall long-term **7** ... of an economy. GDP measures the aggregate value of goods and services and is used to depict the overall wealth of an economy. Higher GDP usually correlates with more well-off citizens.

The economic cycle goes through four stages: expansion, peak, **8** ..., trough. Once the cycle is complete, it continues from the start again. No definite rule exists in determining how long each **9**... lasts; in fact, expansion phases can last many years before hitting a peak. However, a healthy economy will always go through a contraction phase once in a while.

During the expansion phase, an economy will experience strong growth, and interest rates will generally be lower but will begin to increase as the expansion matures. The overall production level increases, and inflation rates begin to **10** .... The peak is reached when the growth of an economy reaches a plateau or **11** .... It is usually characterized by higher **12** ... that needs to be corrected. The correction occurs through the contraction phase, wherein the growth of the economy **13** ..., unemployment rates rise, and inflation tapers off. It continues until the cycle **14** ... a trough. The trough is characterized as a low **15** ... in the economy from which it can re-enter an expansionary phase.

**6. Work in pairs. Look at the sentences below. Decide which of these things usually happen a) in a recovery b) in a recession. Write a or b next to the sentences.**

- 1 People lose their jobs.
- 2 Companies create jobs.
- 3 Companies produce fewer goods.
- 4 Companies invest to increase production.
- 5 Interest rates begin to fall.
- 6 Governments start to increase interest rates.
- 7 Prices begin to rise and inflation increases.
- 8 Prices fall and profits decrease.
- 9 Many companies go bankrupt.
- 10 People often start up new businesses.


**7. Work in pairs to talk about recession and recovery.**

**Student A**

Match these effects of a recession (1-5) with the explanations (a-e).

In a recession ...

1 consumer spending	rise(s) because fall(s) because	a) companies close factories and stop recruitment
2 unemployment		b) people have less money and fear the future
3 production		c) companies expect demand for goods to fall
4 interest rates		d) governments want to stimulate the economy
5 oil prices		e) demand for energy is reduced

### Student B

Match these effects of a recovery 1- 5 with the explanations a-e.

In a recovery...

1 consumer spending	rise(s) because fall(s) because	a) demand increases and companies invest in new equipment
2 unemployment		b) demand for energy increases
3 production		c) people have more money and feel confident.
4 interest rates		d) the government wants to control inflation.
5 oil prices		e) companies recruit new workers

Now ask each other questions. Student B, ask Student A about recessions, using points 1-5.

*Example:* What usually happens to consumer spending in a recession?

Student A, use your notes to explain the effects of recessions to Student B.

*Example:* In a recession consumer spending falls because people have less money and fear the future.

Then reverse roles so that Student A asks Student B about what happens during a recovery. Check that you agree with your partner's explanations. Make a note of anything you disagree about and discuss with the whole class.

### 8. Match up the phrasal verbs on the left with the verbs that have a similar meaning on the right.

- |               |                                      |
|---------------|--------------------------------------|
| 1 bottom out  | a accept (job, responsibility, etc.) |
| 2 bring out   | b continue                           |
| 3 carry on    | c decline                            |
| 4 carry out   | d dismiss                            |
| 5 close down  | e establish                          |
| 6 count on    | f have confidence in                 |
| 7 cut back on | g increase (prices)                  |
| 8 fall off    | h introduce something new            |
| 9 lay off     | i postpone, delay                    |

10	level off	j	reach the lowest point
11	look through	k	read quickly
12	look for	l	reduce
13	mark up	m	reduce in size
14	pull out of	n	shut
15	put off	o	stabilize
16	scale down	p	try to find
17	set up	q	do or undertake
18	take on	r	withdraw from

**9. Use each of the phrasal verbs in exercise 8 to complete the text. You may need to use the past tense, the past participle or the present continuous form.**

After three years of rapid growth, sales began to **1** ... Then, with the recession, they **2** ... dramatically. We had to **3** ... the factory in Ireland, and **4** ... sixty people. That left a lot of machine workers **5** ... a job in one small town. They **6** ... the newspapers every day, but there weren't many job vacancies. The unemployed had to **7** ... any kind of casual work they could find. We also had to **8** ... staff in the London office, and reconsider the whole British operation that we'd **9** ... only five years before. Some of the American managers wanted to **10** ... the British market entirely, and to **11** ... our whole European business. Instead we have **12** ... a restructuring, and **13** ... all our plans for expansion, and for **14** ... new products. We're trying to **15** ... as best we can. We might even have to **16** ... our prices a little, hoping we can **17** ... our customers' brand loyalty. At least there are some signs that the recession has **18** ... .

**10. Predictions: probability.**

When we make a forecast about the future, we need to say how sure we are of our predictions. We can use modal verbs (will, should, could, may, might) and probability adverbs (certainly, probably, possibly).

**Look at the forecasts below for the world economy. Mark each of them C, L, P, or I according to how certain the writer is.**

CERTAIN (C)	100%
LIKELY (L)	<100%
	50%
PERHAPS (P)	< 50%
IMPOSSIBLE (I)	0%

What will happen to the global economy in the next few years?

1 The Indian software sector should become a major competitor to the USA.

2 Emerging markets won't recover in the short term.

3 America could lose its dominant position in the world economy.

4 Water might possibly become one of the most expensive commodities.

5 The Asia-Pacific Rim will certainly become the most important region in the global economy this century.

6 The Gulf States will become major transport centre for the Middle East.

7 China will probably become a major centre for car production.

8 Oil prices might not increase in the short term.

**11. What do you think will happen to these sectors of the economy in the next few years? Write some sentences using the expressions above. Then compare your predictions with your partner.**

solar power

Internet banking

air travel and tourism

farming

the newspaper industry

TV advertising

the car industry

online selling

**12. Read the article and answer the questions.**

1 Why were the IMF and the World Bank founded?

2 What is the difference between them?

3 Which of them could help with a big infrastructure project like a hospital or school?

4 Which of them could help a country if it has a crisis with its foreign exchange rate?

5 Why are they now being criticized?

### **The IMF and the World Bank**

The IMF and the World Bank were set up at the Bretton Woods conference in the USA in 1944. The 45 governments at the conference decided to build a system of economic cooperation among countries to avoid the mistakes that caused the Great Depression of the 1930s.

The IMF is based in Washington, DC. USA and is governed by the 185 countries that are members. However, the IMF is not a bank. Its job is to maintain stability in the world economy and help countries which are experiencing financial difficulties, perhaps with repaying debt on loans or when the value their currency has collapsed. But the IMF cannot tell a government what to do: it can only advise.

The World Bank has the different task of lending money to developing countries to help long-term construction and to support social programmes to reduce poverty or disease. Many of its programmes in developing countries support big long-term infrastructure projects like dams, water systems, or road systems, which governments do not have the money to build.

### **Charged with failure**

Both institutions face a lot of criticism today. The Fund is often criticized for ignoring local conditions of poverty in developing countries and imposing single 'western' solutions onto weak economies. By advising governments, for example, to cut government spending in order to reduce inflation, they can create unemployment in poor countries. The Bank is criticized for concentrating too much on big infrastructure projects like dams and motorways. Critics say these projects ignore the real needs of poor people to grow food, get water, or set up small businesses. Environmental protesters also say that big projects can destroy local environments for farmers by changing the ecosystem.

Both institutions reject such criticism, and they are making big efforts to reform by talking more with local people and focusing more on small micro projects using local expertise.

Both institutions believe that one of the most important reforms is to have a new emphasis on consulting with national governments, local experts, and aid organizations, before developing any policies.

### **Abbreviations and acronyms**

An abbreviation is where the first letters of a name are used instead of saying the whole name. So, an Annual General Meeting (the shareholders' meeting held by a company every year) becomes an AGM. Each letter is pronounced separately: 'an A-G-M'.

An acronym is a word formed from the first letters of the words that make up the name of something. So, the FTSE (Financial Times Stock Exchange) is pronounced 'the Footsie' (not the F-T-S-E).

### **13. Here are some sentences containing *abbreviations* and *acronyms*. What do you think the letters stand for?**

1 The finance minister is meeting the *IMF* representative later today.

IMF stands for \_\_\_\_\_

2 The *CEO* is giving a talk for all employees at two o'clock.

CEO stands for \_\_\_\_\_

3 The *EU* has announced new measures to control financial services.

EU stands for \_\_\_\_\_

4 My country's debt is equivalent to 56% of its *GNP*.

GNP stands for \_\_\_\_\_

5 *OPEC* members are meeting to discuss an increase in production.

OPEC stands for \_\_\_\_\_

6 The *RPI* figures show that there has been a fall in inflation this month.

RPI stands for \_\_\_\_\_

7 The *VIP* visitors are being met at the airport.

VIP stands for \_\_\_\_\_

8 The bank is holding an *EGM* to discuss the new share issue.

EGM stands for \_\_\_\_\_

### **14. Individual task.**

Work in two groups. **Group A**, go to the website of the World Bank. Find the information and make notes. 1 What do these institutions in the bank do: IBRD and IDA? Where do they get their finance from? 2 Find an example of a development project the bank is funding in agriculture or water. Find out what its objectives are and how much it will cost. 3 Visit the news section and choose a video on another development project. Make notes to tell the class. **Group B**, go to the website of the IMF. Find the information and make notes. 1 When can a country borrow from the

IMF? Find some examples of countries that have borrowed. 2 What does the IMF do in its 'surveillance' activity? Discuss your results with the other group.

### 15. Vocabulary.

Every year the IMF produces a report on the performance of the world economy, country by country. This report advises countries and governments on better management of their economies.

**Look at the three examples below which illustrate the type of information contained in these reports (growth, the economic cycle, supply and demand). Find the opposites of these economic words in the examples. The first one is done for you.**

- |                |            |
|----------------|------------|
| 1 to grow      | to decline |
| 2 to suffer    |            |
| 3 an upturn    |            |
| 4 a recovery   |            |
| 5 sluggish     |            |
| 6 to stimulate |            |

#### 1 Growth

The world economy *grew* by 3% p.a.

The steel sector *declined* / contracted by 4% p.a.

#### 2 The economic cycle

The Japanese economy *experienced* / *enjoyed an upturn* (= a short-term change) / *a recovery* (= a medium-term change) / *a boom* (= an extreme change).

The Spanish economy *experienced* / *suffered a downturn* (= a short-term change) / *a recession* (= a medium-term change) / *a slump* (= an extreme change).

#### 3 Supply and demand

Consumer demand was *strong* / *buoyant*.

Consumer demand was *weak* / *sluggish*

The government had to *stimulate* demand.

The government had to *cool* demand.

### 16. Complete the survey below by underlining the correct words.

#### World growth slows, as US enters a downturn

##### USA

Last year was a good year in the USA and the economy 1) *grew* / *declined* by 3,4 %. The 2) *slump* / *growth* was caused by consumer spending and borrowing. However, sales in the shops are now falling and the economy is experiencing a slight 3) *downturn* / *boom*. The fear is that if the government does not act, this may become a long 4) *boom* / *recession*.

Last year the housing market began to slow down and now 5) *decline* / *demand* for new houses is 6) *strong* / *weak* and prices of new homes are falling. The main concern is that the 7) *buoyant* / *sluggish* demand for housing may result in fall in consumer spending.

## Japan

In Japan, growth has now stopped. The size of the economy has 8) *contracted / expanded* in the last two quarters of the year. The risk is that the economy will now move into a 9) *recession / recovery*. Domestic demand is 10) *strong / sluggish* and the construction industry is 11) *expanding / experiencing* a recession. On the positive side, exports remain strong fed by world 12) *supply / demand* for consumer goods and cars, but the fear is that companies will suffer from 13) *buoyant / sluggish* conditions.

## Eurozone

The Eurozone economy last year enjoyed one of its best years for a decade and 14) *contracted / grew* by 3.4%. In Germany, the engineering sector 15) *experienced / suffered* a strong recovery with 16) *buoyant / weak* demand for machinery and cars. After many bad years, consumer demand has turned positive and is now experiencing a 17) *slump / recovery* and the European Central Bank is trying to 18) *cool / stimulate* demand by increasing interest rates.

Mediterranean countries performed less well. With families facing higher fuel and food costs, consumer demand in Italy was 19) *strong / sluggish*. The fear is that, if this continues, the economy will fall into a 20) *boom / recession* next year unless there is a change in government policy. Government efforts so far to 21) *decline / stimulate* demand have not had much success.

## 17. Writing.

### An internal report.

You work as an economist for a large European steel maker with global production. Every quarter you produce a report on the conditions in the world economy to circulate to all sales and marketing divisions in the group.

To prepare your report, you have just downloaded the latest data on the world economy.

Look at the table and complete the executive summary of the report. Your summary should present a factual overview of the current conditions in the world economy.

You will need to use different kinds of language in the report (describing change and cause, predictions: probability).

	Growth this quarter	Economic cycle	Supply and demand	Causes	Forecast probabilities
GLOBAL ECONOMY	+3.7%	upturn	demand for commodities (very positive)	rises in living standards and investment in new factories	interest rate cuts (probable)
USA	+0.5%	recovery	consumer demand (positive)	large tax cuts and government spending	fall in the dollar (possible)
EUROZONE	-0.4%	downturn	factory	rise in energy	more public

			closures to reduce capacity	prices high level of the euro	sector investment (probable)
JAPAN	-0.7%	recession	domestic demand (poor)	weak consumer spending + fall in exports	slump (possible)
EMERGING ECONOMIES	+6.25%	boom	factories investing to increase capacity	exports of cheap manufactured products and commodities	strong growth next year (certain)
STEEL	+4%	upturn	demand from housing and manufacturing sectors (very positive)	upturn in USA and recovery in housing markets	steel prices increase sharply (strong probability)

**Title: Quarterly update on conditions in the world economy**

**Executive summary**

This quarter, the global economy is growing at 3.7%.

Most economies are experiencing an upturn led by the recovery in the USA. Demand for commodities is strong.

This is partly due to rises in living standards and mainly because of investment in manufacturing. We believe interest rates should fall over the next quarter.

Currently, the USA \_\_\_\_\_  
at 0.5%.

The economy \_\_\_\_\_

Eurozone \_\_\_\_\_

Japan \_\_\_\_\_

Emerging markets \_\_\_\_\_

Commodities: steel \_\_\_\_\_

**18. Work in pairs. Discuss these questions about managing the economy.**

Who do you think

- 1 is responsible for deciding interest rates?
- 2 decides which sectors of an economy to invest in?
- 3 decides the level of taxes in the economy?
- 4 regulates banks and financial markets?
- 5 is responsible for controlling inflation?
- 6 creates jobs in the economy?

Choose from

- a the government
- b the financial markets
- c the central bank



d multinational companies  
e bankers.

**19. Read the online forum and match each speaker with one of the five possible answers a-e above.**

Write the speaker's name next to the matching answer, e.g.

*The government – Sophie*

**Who really controls the economy?**

**Carla**

It seems to me that the Central Bank is responsible for managing the economy. They set interest rates in order to keep prices stable and make sure the economy grows to create jobs. I'm convinced you can't trust politicians to manage an economy. They are only concerned with the next election.

**Raoul**

I'm afraid I don't agree with you, Carla. We can't blame the central banks for everything. No, I think that it is financial markets and speculators who really control the economy today. They decide which sectors of the economy to invest in and they can move millions of dollars around just sitting at a computer.

**Mika**

Raoul, I agree with you. I think you are right that financial markets are very important. But, in my view, it is the multinationals which have the real power. They decide where and when to build new factories. People forget that without them there would not be any jobs or any goods to export and import.

**Sophie**

I'm afraid I can't accept that, Mika. I'm sure it is the government that has caused the crisis. Look at the money they have borrowed in the last few years and the taxes they have raised. But where has it gone? I think the government failed to set up a good regulator to control banks and everything went out of control.

**Jeff**

Sophie, I take your point, but in my view people are forgetting that it is banks, not governments, who lend money to people. If you don't have a strong banking system in an economy, nothing can happen. Businesses can't borrow money to invest and people can't get mortgages.

**20. Speaking.**

**Expressing and responding to opinions.**

1 Look back at Reading "Who really controls the economy?" and answer the questions.

Underline the ten expressions the people use to express their opinion to agree or disagree.

2 Match each of the expressions you have underlined with one of these categories

a 'soft' opinions

b normal opinions

c strong opinions

- d agreement
- e qualified agreement
- f disagreement

**EXAMPLE**

*It seems to me – a*

3 You are going to have a meeting to discuss who really controls the economy. Work in groups of three or four.

Each person in the group chooses one of the roles from the discussion in Reading and prepare to present your argument for who you think controls the economy

- the government
- the financial markets
- the central banks
- multinational companies
- bankers

4 Choose a chairperson who should ask each participant to present their case in one minute. Then start the discussion.

Use some of the ‘opinion’ expressions.

Finally, the chairperson should call a vote and you decide together who really controls the economy.

## Unit 6

### ECONOMIC SECTORS

**Word list**

agriculture	сільське господарство
demand	попит
developed economy	розвинута економіка
emerging economy	економіка, що формується
heavy industry	важка промисловість
light industry	легка промисловість
logistics	матеріально-технічне постачання, логістика
manufacturing	виробництво
mining	гірнична промисловість
natural resources	природні ресурси
primary sector	первинний сектор
raw materials	сировина
retailing	роздрібна торгівля
secondary sector	вторинний сектор
service sector	сектор послуг
shortage	нестача, дефіцит
strength	сила, сильна сторона

weakness	слабкість, слабка сторона, недолік
workforce	робоча сила
account (for)	становити
evaluate	оцінювати, давати оцінку
locate	розмістити, помістити

A modern economy is made up of three different sectors: the primary sector, the secondary sector, and the service sector.



**1. Match the sectors with their definitions.**

- 1 The \_\_\_\_\_ manufactures finished products.
- 2 The \_\_\_\_\_ provides the raw materials and natural resources for industry.
- 3 The \_\_\_\_\_ provides support activities for customers or other industries.

**2. Answer the questions.**

- Where do most people in your country work?
- Which sector do you think is the biggest in a developed economy like the USA?
- Which sectors are biggest in your country?
- Which are growing and which are declining?
- Which sector do these international companies belong to: BP, Nike, McDonalds, Ford, Citigroup, Google, Nestle, Hilton Hotels, Rio Tinto?

**3. The photographs below show different industries. How many of them can you name? Complete the captions. Then write which sector they belong to. (The first one has been done for you.) Use a dictionary to check your answers.**

**A**



*s t e e l* production  
Sector: *secondary*

**B**



t \_\_\_\_\_ and  
logistics  
Sector:

**C**



a \_\_\_\_\_  
Sector:

**D**



textiles and  
c \_ \_ \_ \_ \_  
Sector:

**G**



a \_ \_ \_ \_ \_  
Sector:

**J**



c \_ \_ manufacturing  
Sector:

**E**



f \_ \_ \_ \_ processing  
Sector:

**H**



o \_ \_ exploration  
Sector:

**F**



m \_ \_ \_ \_  
Sector:

**I**



r \_ \_ \_ \_ \_ \_  
Sector:

**4. Compare your answers with a partner and fill in any gaps.**

How many of these industries do you have in your country?

**5. Look at the report below from an investment bank on the structure of the Turkish economy. Complete the report with words from exercise 2.**

**The Turkish economy: background**

In Turkey, the primary sector is made up of **1** ... which produces basic foods, like fruits, vegetables, and wheat, and the exploration industries like **2** ... which provide our basic energy and gas, or **3** ... which extracts minerals and material for building.

The secondary sector consists of manufacturing industries, like the **4** ... industry. Also there are the processing industries, for example **5** ... . The manufacturing sector is divided into heavy industries which need great power and big

investment in machinery, for example **6** ..., and light assembly industries, like **7** ..., which produce goods for the fashion industry and need little investment.

The service sector includes many different activities which support both businesses and private customers. Businesses need services like **8** ... to move or store goods and other marketing services, like **9** ... to tell customers about their products.

But the biggest part of the private service sector is made up of consumer services, like the **10** ... sector, which contains shops where we buy things, the finance sector, including banks and insurance, and the fast-growing tourism sector for the international travel market.

**6. Work in pairs. Discuss how the Turkish economy compares with the economy in your country.**

**7. Pronunciation.**

**Syllable stress in nouns and adjectives.**

It is often difficult to know which syllable to stress in a word. There are some patterns you can learn to help you, but there are a lot of exceptions, so you need to learn the correct stress for words you use regularly. Here are some examples of syllable stress patterns:

1 For nouns with more than three syllables, the stress is often on the third syllable from the end.

machinery	ma-	chi-	ne-	ry
			•	
manufacturing	ma-	nu-	fac-	tu- ring
			•	

2 The syllable stress in a noun can sometimes change because of its ending (suffix). For example, the syllable immediately before -tion is normally stressed whatever the number of syllables in the word. For example, production, exploration, pronunciation.

3 When nouns become adjectives, the syllable which is stressed often changes.

technology	tech-	no-	lo-	gy
			•	
technological	tech-	no-	lo-	gi- cal
			•	

4 Underline the stressed syllable in the word. If you are not sure, check your answer in a dictionary. The stress symbol ' in the phonetic transcription shows which syllable is stressed.

**EXAMPLE**

product ['prɒ dʌ kt]

production [prə'dʌ kʃ (ə)n]

1 transportation

2 purchasing

3 industry

6 competition

7 competitive

8 advertising

4 industrial

9 agriculture

5 industrialization

10 agricultural

5 Now practise pronouncing these words.

6 Two of the words in the list do not follow either of the patterns described above. Which ones?

### 8. Match the halves A and B. Pay attention to the words in bold.

**A**

**B**

If you **run** something such as a business or an activity,

to give money or resources to help pay for something or to help achieve a particular purpose.

**Retain** means

all the parts of it add up to that total.

To **contribute** money or resources to something means

to bring or come together in a large number or amount in one particular area.

If someone **establishes** something such as an organization, a type of activity

to force them into that state or situation.

To **drive** someone/something into a particular state or situation means

you are in charge of it or you organize it.

If one thing **includes** another thing,

you need them and depend on them in order to live or work properly.

If you **rely on** someone or something,

they create it or introduce it in such a way that it is likely to last for a long time.

**Concentrate** means

it has the other thing as one of its parts.

If something **amounts to** a particular total,

to keep or continue to have something.

### 9. Complete the text with the words from the list.

*amounts to relies contributes driven include establishing  
employs retains concentrated run*

The German agricultural sector is rather limited: it **1** ... to a mere 0.8% of GDP and **2** ... 1% of the country's workforce (World Bank, 2019). The main agricultural products **3** ... milk, pork, sugar beets, potatoes, wheat, barley and cereals. According to the national statistical office Destatis, in Germany there are around 266,700 agricultural holdings, of which the majority are sole proprietorships, meaning that most farmers **4** ... their businesses alone or with their families.

The industrial sector **5** ... about 26.8% of GDP and employs 27% of the country's workforce. Germany is Europe's most industrialized country, and its economy is well diversified: the automotive industry is the country's largest sector, but Germany also **6** ... other specialized sectors, including mechanical engineering, electric and electronic equipment, and chemical products. The industrial activity is **7**

... mainly where there are more than half of the 1,600 German manufacturing companies identified as global market leaders.

Germany's service sector is a leading employer (72% of the workforce) and contributes to 62.4% of the country's GDP. The sector's growth in recent years was primarily **8** ... by a strong demand for business-related services and by the development of new technologies, which contributed to **9** ... whole new branches in the tertiary sector. The German economic model **10** ... heavily on a dense network of small and medium-sized enterprises (SMEs), often very open to the international environment: according to the latest data from Destatis, around 57% of the total employed persons work in SMEs, with the proportion of persons employed in micro-enterprises amounting to 18%, while 22% work in small and 17% in medium-sized enterprises.

### **10. Complete the text with the words from the list.**

*generate manufacturing markets contributor fluctuations share  
exporting employment earnings companies technologies industrial*

#### **German industry generates high earnings**

Despite major economic **1** ..., earnings have risen in most sectors of industry over the past few years. The **2** ... sectors of industry play an especially important role in this. The automotive industry remains the leader: it posted **3** ... of 436 billion euros in 2019. As an innovation leader, it is an important **4** ... to growth and prosperity. Vehicle **5** ... also secures earnings for other sectors, as it has close links with **6** ... in the chemicals, electrical engineering, steel, metal and textile industries.

Nevertheless, companies in other sectors also **7** ... high turnovers: for example, in the healthcare industry (372 billion euros in 2019) or in the electrical engineering and electrical industry sector (191 billion euros in 2019). With a broad portfolio of services, these sectors offer a wide variety of **8** ... opportunities.

The majority of Germany's visible exports are **9** ... goods. German companies are leading in many sectors and in many **10** ... worldwide. This applies, for example, to so-called green **11** ... – i.e. products in the fields of environmental and climate protection. In the burgeoning sector of renewable energy, which includes photovoltaics, wind power and highly efficient power plant technology, the German economy has a high **12** ... of the global market.

### **11. Reading.**

#### **Competing in the global economy**

Most business strategists now believe that a country, like a company, must build on its key strengths – the sectors and industries which give it a competitive advantage over other countries, such as low labour costs, technology, and natural resources.

1 Before you read, discuss what you think are the key strengths of an emerging economy like China.

2 Work in pairs. You are going to compare the key strengths of an emerging economy, China, and a developed economy, the UK.

**Student A**, read the report on the Chinese economy and make notes on the strengths and weaknesses of each sector. In order to do this, you will need to

1 find the *examples* given for each sector

2 find the strengths mentioned

3 find the weaknesses mentioned

4 add the information in note form.

There is an example of how to do this in the first paragraph of the text. When you have looked at this, read the rest of the report and do in the same way. Then complete the table.

### THE CHINESE ECONOMY

In the primary sector of the Chinese economy, *agriculture* has benefited from the move to private or village farms, creating new specializations, especially in the coastal regions near Hong Kong. Farming is very intensive, more productive per acre than the US, and produces significant exports of rice, wheat, and meat. However, productivity is achieved by human labour and small farms lack machinery and capital for investment and often suffer from the effects of pollution and problems of water.

In the secondary sector, the opening of the country to foreign investment and technology has played a big part in modernizing Chinese industries. China is now a leader in electronics, textiles, and consumer products. Manufacturers still enjoy the benefit of a huge low cost workforce and relatively cheap land. However, a lot of the country's capital is invested in old state sector industries, often with great waste and inefficiency. The whole sector suffers from poor infrastructure, bureaucracy, and shortages of electric power and raw materials.

The service sector in China includes marketing, software, and customer services but it is still underdeveloped and businesses lack finance and technical knowledge. However, with the rise in living standards and a huge boom in Internet use, demand for services has increased dramatically. Private companies have used their own capital to develop, giving these companies great flexibility and independence from government control.

CHINA	Examples	Strengths	Weaknesses
Primary sector	Agriculture	New specializations following move to private / village farms Farming more intensive and more productive than US	Human labour used Lack of machinery and investment capital Pollution and water problems
Secondary sector	a) _____ b) _____ c) _____	Benefits from: d) _____ e) _____	Too much capital invested in f) _____ Problems: g) _____ h) _____ Shortages of:



			i) _____ j) _____
Service sector	k) _____ l) _____ m) _____	Demand for services n) _____ because of o) _____ p) _____ Private companies use: q) _____ giving them r) _____ s) _____	Businesses lack: t) _____ u) _____

### Student A

3 Now complete the table below on the British economy, by asking Student B questions.

#### EXAMPLES

*What are the key industries in the primary sector in the UK?*

*What are the weaknesses in the primary sector?*

UK	Examples	Strengths	Weaknesses
Primary sector	a) _____	Mechanized Produces c) _____ % of food needs	Employs e) _____ % of workforce Profitability of farming: f) _____
	b) _____	High reserves of d) _____	Future prospects g) _____
Secondary sector	h) _____ i) _____ j) _____	advantages of specialist engineering: k) _____ and l) _____	Weak industries include: m) _____ n) _____ Secondary Sector performance in the last 20 years: o) _____
Service sector	p) _____ q) _____ r) _____	Benefits from: s) _____ t) _____	Dependent on u) _____ Infrastructure problems, e.g. v) _____

**Student B**, read the report on the UK economy and make notes on the strengths and weaknesses of each sector. In order to do this, you will need to

1 find the *examples* given for each sector

2 find the strengths mentioned

3 find the weaknesses mentioned

4 add the information in note form.

There is an example of how to do this in the first paragraph of the text. When you have looked at this, read the rest of the report and do in the same way. Then complete the table.

### THE UK ECONOMY

In the UK, the primary sector is made up of *farming*, and *energy-related activities*. Farming is very mechanized and uses a lot of machinery, producing about 60% of food needs although it employs only 1 % of the workforce. But many small farms are no longer profitable on global market with low-cost world producers. Primary energy accounts for about 10% of GDP, one of the highest figures for a developed economy. The UK also has important reserves of oil, gas, and coal. However, this sector is now declining and oil and gas production will fall sharply in the next ten years, making the economy dependent on foreign imports of energy.

The secondary sector has continued to suffer from the decline of old heavy industries, like steel, and the closing of mass manufacturing like the car industry. This has created big job losses especially in the north. In the last few years, these old industries have been replaced by new specialist engineering companies with high added-value products and niche markets. However, despite government support, the sector has decreased from 20% to 15% of GDP over the past twenty years.

By contrast, the service sector is booming, benefiting from its highly qualified workforce and the concentration of expertise in the south east. It now represents over 70% of the total economy with financial services, computing and marketing contributing 30% to GDP. But the success is very dependent on financial markets, and the recent growth has put great pressure on road and rail infrastructure in the south east. All this means that future growth will be limited in the short to medium-term.

UK	Examples	Strengths	Weaknesses
Primary sector	Farming	Mechanized Produces 60% of food needs	Employs only 1% of workforce Not profitable on global markets
	Energy-related activities	Accounts for 10% of GDP High reserves of oil, gas, and coal	Sector declining
Secondary sector	a) _____		Decline of f) _____ industries

	b) _____		Closure of g) _____ Big h) _____ losses
	c) _____	Higher d) _____ products e) _____ markets	
Service sector	i) _____ j) _____ k) _____	l) _____ workforce concentration of m) _____	Dependent on n) _____ Infrastructure problems, e.g. o) _____

**Student B**, now complete the table below on the Chinese economy, by asking Student A questions.

**EXAMPLES**

*What are the key industries in the Chinese primary sector?*

*What are the weaknesses of the Chinese service sector?*

CHINA	Examples	Strengths	Weaknesses
Primary sector	Agriculture	New specializations following move to private / village farms Farming more intensive and more productive than US Significant food exports of a) _____, b) _____, and c) _____	Human labour used Lack of d) _____ and investment capital Pollution and e) _____ problems
Secondary sector	Electronics f) _____ g) _____	Modernization caused by: h) _____ Low-cost workforce Cheap i) _____	Still investing in old j) _____ Poor k) _____ Bureaucracy Shortages of: l) _____ and m) _____
Service sector	marketing	Demand for services dramatically increased	Businesses lack: s) _____

	n) _____	because of p) _____ and	and t) _____ knowledge
	o) _____	q) _____ Private companies use: r) _____ for investment, making them more flexible and independent	

**12. Work in small groups or as a class. Compare the economies of China and the UK. Which sectors do you think each country should concentrate on? Why? Use the information in the tables to help you.**

**13. Contrasting information.**

1 Look at these sentences.

*The farming sector produces about 60% of UK food needs, **although** it employs only 1% of the workforce.*

***Despite** government support, the manufacturing sector continues to decline from about 20% of GDP in 1990 to only 15% today.*

*Manufacturers enjoy the benefit of a low-cost workforce and relatively cheap land. **However**, a lot of the country's capital is invested in old state sector industries.*

When we make a contrast between two statements or ideas in the same sentence that seem to contradict each other, we can use linking words to contrast the ideas. We can do this in different ways, using words like *although*, *despite*, and *however*.

2 Complete the rules with *although*, *despite*, or *however*.

- 1 ... is followed by a noun (not a complete clause with a verb).
- 2 ... is followed by a clause / sentence with a subject and a verb.
- 3 ... can be used when the contrast is expressed in a new sentence.

3 Complete these sentences with *although*, *despite*, or *however*.

- 1 ... agriculture employs only 1% of the workforce, it produces 60% of UK food.
- 2 ... high productivity, manufacturing in the region continues to decline.
- 3 ... the service sector contributes 40% of GDP, it suffers from poor infrastructure.
- 4 The service sector is very developed. ..., it is very dependent on financial markets.

**14. Writing.**

**Reports: comparing options**

The plant location decision has now been passed to the investment board for a decision. As the assistant to the chairperson you have been asked to prepare a report comparing the two options: the UK or China.

When we make a direct comparison between two ideas or statements, we can use several linking words, including *while* and *whereas*.

*In China, we will have problems with finding experienced business managers **while** / **whereas** in the UK we can use our existing management.*

We can also use *by contrast* when the comparison is expressed in a new sentence.

In China, few workers have high levels of education. *By contrast*, in the UK, we can recruit graduates easily.

**Look through the text and complete the report below.**

**A**

Thank you all for coming in. Has everybody got a copy of the agenda? I suggest we start with item one on the agenda: the decision about where to locate the new plant: China or the UK? John, could you give us your views from the finance department?

**B**

Sure, I'll try to be brief. Having looked at this from a financial perspective, I think the best option is certainly to locate in China. There are a number of reasons for this. First of all, there is the question of labour costs. A production worker in China will cost us only \$2 per hour while in the UK it could cost up to \$30. A significant saving. Secondly, if we choose the site in Shenzhen, we can buy the land for only \$2m whereas in the UK this could cost up to \$10m. Then there is the question of our suppliers. By moving to China we will be closer to our supplier base in the Pacific Rim. Delivery time will be cut to 45 minutes compared with 2 hours in the UK. This represents big cost savings of up to \$100,000 per year in our stock levels. So overall, I'm strongly in favour of China.

**A**

Thanks, John. What's your view, Claire?

**C**

I'm afraid I don't agree with John on this issue. I'm not in favour of China. Although he is right about wage costs in China, I'd like to remind you of a number of other key points. Firstly, there is the question of recruitment. If we locate the new plant in China, we will have serious problems with finding the skilled workers we need for the production line. In the UK, by contrast, we can train new workers with our existing staff. Then there is the question of quality. I'm convinced that quality levels in China will be significantly lower than in the UK. Studies we have commissioned suggest that a typical Chinese plant will have defect levels of 30 per thousand compared with only 2 per thousand in the UK. That means higher costs. But crucially, there is the question of new product development. Currently, our research department is located in the UK and they work in daily contact with the production team on new products. If we move to China, there will be no communication between the two departments. This will seriously damage our ability to develop new products and to compete successfully in the market. That's why I'm very much in favour of locating the new plant in the UK.

**A**

OK. Thanks for your contributions. It seems to me we have a serious disagreement. If I can summarize, what you seem to be saying is this. On the one hand, locating in

China will be cheaper and allow us to get closer to suppliers. On the other hand, there is a risk that we will have problems finding workers and quality levels will fall. Also, we will have problems with design of new products. Is that a fair summary?

List findings by category.	<b>Title:</b> _____	General objective
	<b>1 Objectives:</b> The purpose of this report is to <i>evaluate the options for the location of the new production plant.</i> We were asked to compare two options: China and the UK, and make a recommendation.	Specific objectives
State conclusion.	<b>2 Findings:</b>	In this report compare China and the UK for each category. Use some of the comparing or contrasting expressions
	Example <i>Labour costs:</i> <i>A production worker in the UK can cost up to \$.50 per hour, whereas a production worker in China costs only \$2 per hour.</i>  Land costs: Suppliers: Recruitment: Quality levels: New product development:	
State conclusion.	<b>3 Recommendations:</b>	Give reason(s) for your conclusion (Use although, despite, or however).
	Having considered the different options, we have concluded that we are in favour of _____ – This is because _____ –	

**15. Reading.**

1 Before you read, discuss the questions in pairs.

How do you think regions or states can attract international investors to come and set up businesses in their area?

Can you think of any areas in your country (or elsewhere) that have attempted to attract foreign investors? What did they do? Were they successful?

2 Now read the interview with Matthias Wolff. What strategies did they use to attract investors to Frankfurt?

3 Work in pairs. Discuss the questions.

Do you think governments should spend money on attracting companies to locate in a region? What benefits could they bring?

What do you think an international company is looking for when they decide to build a new plant in a country?

How would you promote your region or city to international companies? What features would you try and sell?

*Job: Regional development officer*

*Location: Frankfurt, Germany*

*What exactly does a regional development officer do?*

People often think that a regional development office just promotes tourism, but in fact our task is to attract international companies to locate in the Frankfurt region. That means creating jobs and income for people in the state.

*How do you sell a region for investment?*

Well, a lot of the work is basic to any sales job: following up leads, making contacts, building relationships with companies. But then we have to put together a package of incentives to attract investors. This may mean offering special grants or loans to buy land, special tax rates, or more importantly working with local training organisations to provide clients with special courses to train their workers. Training is a key selling point for us.

*Why do companies come to Frankfurt? I thought Germany was a very expensive place to do business.*

Yes, you're right. Land, office space, and wages are expensive here. But on the other hand, Frankfurt is the German centre for financial services: the stock market is based here and many of the world's biggest banks have operations in the city. So by coming here, companies can connect with a network of businesses with specializations they can't find elsewhere.

## **16. Speaking.**

### **The road to development.**

1 Which developing countries do you think have been most successful in recent years? Why?

2 Look at the list of different options below. Which are the three best strategies for a developing country to follow? Rank them by importance (1 = the best option).

Are there any strategies you think are wrong? (Mark them "no".)

a to invest in education and training

b to open the country to global competition

c to protect domestic industries, like agriculture

d to encourage international companies to invest in the country

e to borrow money from the financial markets or institutions like the World Bank

f to develop export industries

g to build infrastructure (road, rail, telecom)

h to privatize state companies

i to cut taxes

## Unit 7

### BANKING

#### Word list

bond	облігація
branch	філія, відділення
brand	бренд, марка
business plan	бізнес-план
commercial bank	комерційний банк
credit	кредит
division	підрозділ, відділ
investment bank	інвестиційний банк
leasing	орендування; лізинг
loan	позика, кредит
loan officer	кредитний інспектор
loan schedule	графік погашення позики
mortgage	застава; іпотека
network	мережа
organigram	органіграма (блок-схема організації системи)
organization structure	організаційна структура
overdraft	перевищення кредиту
portfolio	портфель цінних паперів
product line	товарна лінія
retail banking	банківські послуги для фізичних осіб
share	акція
secured loan	забезпечений кредит
security	забезпечення; гарантія, застава
securities	цінні папери
stockbroking	торгівля акціями
terms (of a loan)	умови (кредиту)
unsecured loan	кредит без забезпечення; незабезпечена позика
borrow	брати в борг
involve	включати, містити
lend	позичати
support	допомагати, сприяти, підтримувати

#### 1. Match the types of banks with their definitions.

Retail banks	are focused on multinational companies, since their role is to provide services and advice on large financial transactions.
Commercial banks	are focused on the ordinary customer with local branches in most major towns. They offer a full range of financial services for everyday life.
Investment	mostly focus on small or medium-sized companies and



banks provide a range of accounts for managing a company's cash flow, as well as overdraft facilities, loans, and specialist forms of finance, such as factoring and leasing.

## 2. Complete the text with the words from the list.

*central banks commercial banks supranational banks building societies  
merchant banks universal banks finance house investment banks*

**1** ... supervise the banking system; fix the minimum interest rate; issue bank notes; control the money supply; influence exchange rates; and act as lender of last resort.

**2** ... are businesses that trade in money. They receive and hold deposits in current and savings accounts, pay money according to customers' instructions, lend money, and offer investment advice, foreign exchange facilities, and so on. In some countries such as England these banks have branches in all major towns; in other countries there are smaller regional banks. Under American law, for example, banks can operate in only one state. Some countries have banks that were originally confined to a single industry, e.g. the *Crédit Agricole* in France, but these now usually have a far wider customer base.

In some European countries, notably Germany, Austria, and Switzerland, there are **3** ... which combine deposit and loan banking with share and bond dealing, investment advice, etc. Yet even universal banks usually form a subsidiary, known as a **4** ... , to lend money – at several per cent over the base lending rate – for hire purchase or instalment credit, that is, loans to consumers that are repaid in regular, equal monthly amounts.

In Britain, the USA and Japan, however, there is, or used to be, a strict separation between commercial banks and banks that do stockbroking or bond dealing. Thus in Britain, **5** ... specialise in raising funds for industry on the various financial markets, financing international trade, issuing and underwriting securities, dealing with takeovers and mergers, issuing government bonds, and so on. They also offer stockbroking and portfolio management services to rich corporate and individual clients. **6** ... in the USA are similar, but they can only act as intermediaries offering advisory services, and do not offer loans themselves.

Yet despite the Glass-Steagall Act in the USA, and Article 65, imposed by the Americans in Japan in 1945, which enforce this separation, the distinction between commercial and merchant or investment banks has become less clear in recent years. Deregulation in the US and Britain is leading to the creation of “financial supermarkets” – conglomerates combining the services previously offered by stockbrokers, banks, insurance companies, etc.

In Britain there are also **7** ... that provide mortgages, i.e. they lend money to home-buyers on the security of houses and flats, and attract savers by paying higher interest than the banks. The savings and loan associations in the United States served a similar function, until most of them went spectacularly bankrupt at the end of the 1980s.

There are also **8** ... such as the World Bank or the European Bank for Reconstruction and Development, which are generally concerned with economic development.

### 3. Individual task.

Go on the Internet to find the biggest retail / commercial bank in your country. Find this information about the bank and make notes.

- Where is its HQ?
- Number of staff
- Number of customers
- Organization structure
- Types of products / services / brands it offers
- Its turnover or its profit for last year
- Overseas operations

### 4. Complete the text with the words from the list.

*cash dispensers current account investment advice overdraft cheque  
deposit account loan pension credit card foreign currency  
mortgage standing order*

My salary is paid directly into a low-interest **1** ... . I can withdraw money from automatic **2** ... with a cash card, so I hardly ever actually go into a bank. I pay regular, monthly bills by way of a **3** ... : the bank pays them according to my instructions, and debits my account.

I pay irregular bills by **4** ... . Nearly everyone I know in Britain has a chequebook, but when I lived on the Continent, I found that people hardly used them. They often paid cash, or paid bills at a post office with a paying-in slip.

I also have a **5** ... , which is useful for ordering things by post or on the telephone, and for travelling worldwide. I also use it in shops and restaurants, but try not to spend more than I can pay when the bill comes a month later, as this is a very expensive way of borrowing money. The annual interest is exorbitant - well over 20%.

I used to have a **6** ... in a building society which paid higher interest than the current account at the bank, but had restrictions as to how and when I could withdraw my money. But then we bought a flat. I got a 90% **7** ... from the building society: i.e. we had to pay a deposit of 10% with our own savings.

That is why I have no more money and no more deposit account. In fact I have arranged an **8** ... with the bank, which means I can occasionally withdraw more money than is actually in my account. Interest is calculated daily. Last year I asked the bank for a **9** ... to buy a car. I (only!) wanted two months salary, but they refused. Since I don't like the high interest rates that the garage's hire purchase people charge, I bought a cheap second-hand car instead.

I always use the bank to buy **10** ... when I go abroad, because their rates are better than the bureaux de change. I don't like travellers' cheques, and I've never had my money stolen – yet.

My bank is also always trying to sell me a private **11** ... plan, for when I retire, but I'm not interested. They also keep offering me **12** ... about shares, bonds, unit trusts, mutual funds, and so on. They don't seem to realize that if I could afford to buy all these things, I wouldn't need an overdraft.

## **5. Reading.**

### **An organization chart for a bank**

1 A bank can organize all its activities in two ways:

- a) by functional departments – human resources, marketing, accounting, etc.
- b) by product lines focused on particular customer groups.

Look at the organization chart for a UK bank, STR.

Which organization structure does the bank use?

2 Look at the five divisions in the second row of the organization chart below. What do you think these different divisions in the bank do?

3 Read the text and, using the STR organigram below, complete 2-6 in the text with the names of the divisions.

4 Now complete the organization chart with the name of the target clients for each division and the typical products they offer.

5 Work in pairs and decide which division of the bank these clients would call for services

- 1) a small business that wants to lease some machinery
- 2) a student who wants to open an Internet savings account
- 3) someone who wants to manage a big portfolio of shares
- 4) a family business that wants to take out a loan
- 5) a family man who is seeking advice about mortgages in order to buy a flat
- 6) a rich sports star who is looking for ways to invest his money

### **Group structure**

**1**

The STR banking group, with its headquarters in London, is made up of five main operating divisions.

**2**

We provide a complete range of banking services to individuals and families and offer a choice of ways to do business – in branch, by phone, or online. Our product range includes leading brands in current accounts, savings, and investments, plus unsecured personal loans, mortgages, and award-winning insurance.

**3**

We offer banking and investment services to wealthy private and business customers in the UK and around the world. Our services include portfolio management, tax planning, and stockbroking.

**4**

We offer a range of tailored products and services for small businesses, as well as providing a network of business advisors based in our branches. Our commercial subsidiaries offer specialist help in the areas of vehicle and property leasing and asset finance.

**5**

This division supports the needs of large international companies, providing access to a full range of services in global financial markets, providing debt financing, risk management, and investment services. The STR group remains an important banking partner to major corporations and financial and governmental institutions around the world.

**6**

This supports the activities of all the STR operations, developing and maintaining the infrastructure and IT technology to support our branches. It also manages our property portfolio and is responsible for our purchasing.

<b>STR group chief executive</b>					
<b>Divisions</b>	<b>Wealth management</b>	<b>Personal finance</b>	<b>Corporate and institutional</b>	<b>Business and commercial</b>	<b>Group services</b>
<b>Clients</b>					
<b>Products</b>					

**6. Look back at Reading and find the words or phrases in the text to describe**

1 the main office of a bank (paragraph 1)

2 the different sections of activity in the bank (paragraph 1)

3 the different types of products they offer to clients (paragraph 2)

4 the names under which the bank trades (paragraph 2)

5 money lent to buy property (paragraph 2)

6 loans given to clients without a guarantee, e.g. on a credit card (paragraph 2)

7 the services they offer:

a) to manage investments (paragraph 3)

b) to buy and sell shares (paragraph 3)

8 products aimed at a specific customer group (paragraph 4)

9 the office for customers it has in every city (paragraph 4)

10 a financial service that allows companies to obtain machinery, property, or vehicles without the cost of buying these items (paragraph 4).

**7. Your manager has asked you to write a profile of STR as part of an equity research report (a report which analyses a company for potential investors). Complete the profile by choosing from the words in exercise 5.**

STR is a major provider of banking and insurance products, with a complete **1** ... of financial services. With its **2** ... in the UK, it also has a substantial business in the USA and is further represented across large part of continental Europe. The bank has five main **3** ... . It has **4** ... in all major cities in UK and has many **5** ... products for special customer groups. Its services include **6** ... , to allow customers to buy and sell shares, and **7** ... , to help manage clients' investments. The bank's commercial division also offers specialist services to companies, like **8** ... of equipment or vehicles. Its **9** ... names include STR Insurance, Reach Bank, USA, and Customer First.

**8. Writing.**

**A bank profile**

The STR profile at the end of Vocabulary is written as a piece of equity research. But if it appeared on a website as a marketing communication to customers, it might be worded differently.

1 Look at the marketing text below. What differences do you notice in the language and style of the text compared with the previous equity research? Think about these points:

- How are the bank and the customer referred to?
- Are the words and expressions formal or informal?
- How does it use personal pronouns?

At STR, we can offer you all the financial services you need for every stage of your life.

And it's so easy! By phone, online, or in any of our branches, check out our market leading offers, like our award-winning current accounts.

If you're a student paying for your university, a family buying your first house, or even a pensioner managing your savings, we have tailored our products to suit your needs. Call in to one of our branches and find out more from our specialist advisors.

From our base in the UK, we operate through all of continental Europe, or even in the USA. Wherever you are, we're there to support you. Come in and ask or visit us online!

*Look out for our familiar names like STR Insurance, Reach Bank, USA, and Customer First.*

2 Using the model profiles of STR above, work in pairs.

Student A, write a profile of the bank you have researched in the Individual task as a piece of equity research. In your profile, you should focus on the financial features that would interest an investor.

Student B, write a profile of the bank you have researched in the Individual task as a marketing communication to customers of the bank. In your profile, you should focus on selling the bank's services to its customers and users. Work together and compare your results.

## 9. Reading.

1 Before you read, discuss the questions in pairs.

What do you think the job of a loan officer in a bank involves?

What skills would you need to do the job?

2 Read the interview and find the answers to the questions in 1.

Name *Ursula Grzelski*

Job *Loan officer*

Works for *Bank of Poland, Warsaw*

*How is your department organized?*

We have three different teams responsible for different kinds of loan. One team is for consumer loans, which includes personal loans, educational loans, and loans to buy a car; a second team deals with commercial loans for small businesses; and the third team is responsible for mortgage lending to clients who want to buy a flat. I work for the commercial team for small businesses.

*That must be a lot of responsibility.*

Well, not really, because part of my job is just routine. I help the client to complete the loan application forms, and then see if the application meets the credit limits set by the bank. I have to check if the client will be able to repay the loan. For example, we have to know how much profit the company really makes, what other expenses or debts it has. So, we have to check their credit history. Do they usually pay their suppliers on time? Are they good at collecting payments from customers? That kind of thing. Then I have to work out a loan schedule for repayment. If the analysis is good, then I send the complete application with my calculations to my supervisor for checking.

*What is the most difficult part of the job?*

Oh, when I started work after university, the worst part was contacting clients to try to sell them additional services, in other words, cross-selling.

3 Read again and answer these questions.

What is the difference between 'consumer loans' and 'commercial loans'?

Why are banks so interested in the 'credit history' of a client? What does it tell them?

Which of the three teams in Ursula's department would be most interesting to work for? Why?

## 10. Speaking.

1 Here are some of Ursula's tips about selling on the phone. Which three are the most important?

Prepare the call carefully before you make it. Make a list of the points you want to cover during the conversation.

Keep a good database – record all your information on the client and have it ready when you start the call.

Always begin by checking that it's a convenient time. If it isn't, make an appointment to call back later.

'Small talk' can be useful: for example, a change in the client's business could be a selling opportunity.

Don't ask too many questions that they can answer with just 'yes' or 'no'.

Imagine the person you're talking to is in the room; concentrate on what they are saying and don't do other things at the same time.

Build a relationship. Keep in regular touch with the client even if nothing special is happening.

At the end of a call, repeat what you have agreed and fix a time for another call.

2 Can you think of any other tips for selling on the phone? Are there things you shouldn't do?

### 11. Verb patterns.

When you learn a new verb in English, it is important to look at how the verb works. If a verb is followed by another verb, different patterns are possible. Some common patterns are:

verb + *to infinitive*

The third team is responsible for mortgage lending to clients who want *to buy* a flat.

verb + *-ing*

When I started work after university, I hated *selling*!

verb + *object* + *to infinitive*

I help *the client* *to complete* the loan application forms.

Some verbs, like *want*, *help*, and *ask*, can belong to more than one category:

I want *to arrange* a mortgage.

I want *you* *to arrange* a mortgage for me.

She helped *to arrange* my mortgage.

She helped *me* *to arrange* my mortgage.

### 12. Complete the following article about starting a company by putting the verbs into the correct form.

Do you want **1** ...*to be*... (be) an entrepreneur?

Have you ever considered **2** ... (start) your own business? Can you imagine **3** ...

(make) a lot of money or **4** ... (be) an entrepreneur? Or maybe it is not worth taking the risk? If you decide **5** ... (start) your own business, this will probably involve

**6** ... (borrow) money from friends or family, or even from a bank. If you choose to borrow from a bank, you should arrange **7** ... (see) a bank manager to discuss the terms of a loan. But, you can expect **8** ... (have) a lot of work. Before you arrange **9**

... (have) a meeting with the bank, you will have to spend a lot of time researching your idea and preparing all your figures.

The bank will certainly want **10** ... (see) a business plan. This will involve **11** ... (prepare) a lot of information, You will need to define the objectives of the company and prepare a cash flow forecast which shows how much money you expect **12** ... (make) in the first three years, plus how many customers you hope **13** ... (win). It's also a good idea to make a study of the competition and the prices you expect **14** ... (charge). You will also have to decide what kind of security you want **15** ... (offer) the bank. If the bank agrees **16** ... (give) you a loan, your problems don't stop there because the bank will often require you **17** ... (update) them on your progress. The business plan allows them **18** ... (see) if you are meeting your forecasts and, if you fail, they may want **19** ... (have) the money back. Of course, if you agree **20** ... (borrow) the money, you will have to repay the loan plus interest. That can be the hardest part.

**13. Imagine you are chatting online to a friend about different jobs in finance. Write some sentences of your own, using the three verb structures, for example**

If you want to be an accountant, this *involves studying* for two years.

If you want to be a(n) analyst, this *involves . . . ing*

Retail banking is a good/bad job if you *like / hate / enjoy . . . ing*

Equity trading is a good/bad job if you *want / decide / hope / choose to ...*

Investment banking is a good / bad job if you *want to help / enable* people / companies to ..

As a loan officer you will need *to convince / help / force* people to ..

As a branch manager you often have *to agree / arrange / refuse* to ...

**14. Write six sentences about some bad experiences you have had with a bank.**

**EXAMPLE**

*The bank refused to give me an overdraft.*

1 The bank failed...

2 The bank denied ...

3 The bank delayed ....

4 The bank didn't mention ...

5 The bank forced me ...

**15. Speaking.**

**Commercial lending**

1 Work in small groups or as a class. Discuss what kind of information a bank wants to know before it gives a loan to a business customer. If you are not sure, think about these points:

- What risks does the bank take when it grants a loan?
- How can it reduce these risks?
- What does a loan officer mean when he / she asks for 'security' on a loan?



2 Choose the five factors that are most important in assessing a loan application.

- the objective of the loan
- the size of the company
- the assets (buildings and machinery) owned by the business
- the experience of the managers
- the level of profit this year and next year
- the security they can offer
- the ability to pay interest from profit
- the turnover or total sales of the business
- the amount of other debts
- how long they have been a customer of the bank

3 Now work in pairs. Explain your list and the reasons for your choices to a partner. Work together and decide on the best five factors between you.

4 You work as a loan officer in the branch of a bank and you are going to interview a client about a loan for their business. Your boss has told you to make sure you check these details.

- 1 the objective of the loan
- 2 the amount required
- 3 the turnover of the business (total sales this year)
- 4 the profit this year
- 5 the expected profit next year
- 6 the security offered

Complete the questions below using the question openers. Then match each question with the point being checked 1-6. (The first one is done for you.)

*How much*

*How much do you*

*What is the*

*What is your*

*What is your*

*What kind of*

- a *What is the* purpose of the loan? 1
- b \_\_\_\_\_ security can you offer?
- c \_\_\_\_\_ profit this year?
- d \_\_\_\_\_ want to borrow?
- e \_\_\_\_\_ profit do you expect to make next year?
- f \_\_\_\_\_ turnover this year?

5 Work in pairs. Student A, you are the loan officer. Student B, you are the client.

### **Student A**

You are a loan officer. Look at the table of possible loan offers.

Amount of loan	Interest rate	Repayments	Loan period
£80,000	8%	£11,600 per year	10 years

£80,000	10 %	£12,600 per year	10 years
£50,000	8%	£7,250 per year	10 years
£50,000	10 %	£8,000 per year	10 years

Interview your partner, the business client, using the questions in 4. As a loan officer you need to get the best terms you can with the minimum risk. Are you confident that the client can repay the interest on the loan this year and next? If the risks are high, you need more security or a higher interest rate. Or you may need to offer a smaller loan.

From the information your partner gives you, decide if you will grant the loan, how much you are prepared to offer, and what kind of security you need.

Now change roles. You are now the client. Look at the details of your loan application below. Answer your partner's questions and try to get the best loan you can for your business. You want £600,000, but you would like to pay off the loan quickly over five years and want to secure the loan from the existing properties you own (value £200,000).

#### LOAN APPLICATION

Name of company: Atlantic Villas

Type of business: villa rentals for the holiday market

Purpose of loan: (1) to convert three old properties currently valued at £200,000 to holiday villas with an estimated cost of conversion of £400,000

(2) to build a fitness centre, estimated cost £200,000

Amount required: £600,000

Turnover/total sales: £440,000

Profit this year: £170,000

Estimated profit next year with the new villas: £300,000

Security you can offer: Existing old properties (value £200,000). You also have a farmhouse worth £700,000 but don't want to offer this if possible.

#### Student B

You are the client. Look at the details of your loan application below. Answer your partner's questions and try to get the best loan you can for your business.

You want £80,000 for rent and new stock but don't want to offer much security if possible.

#### LOAN APPLICATION

Name of company: Stella Fashions

Type of business: fashion retailing

Purpose of loan: to rent a second shop for one year and pay for stock

Amount required: £80,000 (£50,000 for rent, and £30,000 for new clothes stock)

Turnover/total sales: £300,000

Profit this year: £ 11,000

Profit next year with the new store: £18,000

Security you can offer: two business vans (worth £50,000)

Now change roles. You are now the loan officer. Look at the table of your possible loan offers.

Amount of loan	Interest rate	Repayments	Loan period
£600,000	8%	£145,000 per year	5 years
		£87,360 per year	10 years
£600,000	10 %	£152,000 per year	5 years
		£95,160 per year	10 years
£400,000	8%	£97,300 per year	5 years
		£58,300 per year	10 years
£400,000	10 %	£102,000 per year	5 years
		£63,400 per year	10 years

Now interview your partner, the business client, using the questions in 4. As a loan officer, you need to get the best terms you can with the minimum risk. Are you confident that the client can repay the interest on the loan? If the risks are high, you need more security or a higher interest rate. Or maybe you need to offer a smaller loan.

From the information your partner gives you, decide if you want to grant the loan or not, how much you are prepared to offer, and what kind of security you want from the client.

## Unit 8

### STOCK MARKETS

#### Word list

analyst	аналітик
briefing	брифінг, інструктивна нарада
bullish	<i>бірж. проф.</i> який грає на підвищення
bullish dealer	дилер, що чекає підвищення цін на біржі
dividend	дивіденд
hedge fund	фонд хеджування*
institutional investor	інституційний інвестор, інвестиційний фонд, інвестиційна компанія
IPO (initial public offering)	перша передплата на капітал компанії, початкова відкрита передплата (на акції або цінні папери)
market capitalization	ринкова ціна компанії, сукупна ринкова вартість випущених акцій
return	дохід, прибуток, оборот
rights issue	права на придбання додаткових акцій*

share / stock	акція
stock market	фондова біржа
stock market index. (pl. indices)	фондовий індекс
takeover	поглинення*
tip	натяк, порада
issue shares	випускати акції
outperform	перевершувати
quote	котувати
spread	поширювати
underwrite an issue	гарантувати розміщення цінних паперів; гарантувати випуск (облігацій, акцій)

*\*A hedge fund is an investment fund that invests large amounts of money using methods that involve a lot of risk.*

*\*Initial public offering is the act of offering the stock of a company on a public stock exchange for the first time.*

*\*A rights issue is when a company offers shares at a reduced price to people who already have shares in the company.*

*\*A takeover is the act of gaining control of a company by buying more of its shares than anyone else.*

### **1. Answer the questions.**

1 What is the difference between a private company and a public company? Which of them is listed on a stock market?

2 What information does a stock index, like the FTSE 100 or S&P 500 contain?

3 Where can you find the stock market indices below?

Match the indices with the cities where they are based, one of the cities matches with two indices.

1 Dow Jones	London
2 FTSE 100	New York
3 Nikkei	Moscow
4 CAC40	Paris
5 DAX	Frankfurt
6 Hang Seng	Hong Kong
7 NASDAQ	Singapore
8 Bovespa	Tokyo
9 MICEX	Sao Paulo
10 Straits Times Index	

4 Look at the news items below. Which sectors of the market would they affect the most? Would they have a positive or negative effect on these sectors?

*Central bank cuts interest rates*

*Oil prices hit a 2-year high*

*Consumer debt levels continue to rise*

*London wins Olympic bid*

5 Who do you think are the biggest investors in the stock markets?

## **2. Reading.**

### **Stock markets**

When a university in Ukraine invited an equity broker to the university to introduce students to the stock market they asked students for questions to find out what they wanted to know about markets.

1 Look at the list of questions students submitted online below. First, work in pairs and see how many of the questions you can answer together before you read the text.

1 What is the difference between a share and a stock?

2 What rights do you get if you buy a company's shares?

3 What is a dividend?

4 Who decides how much dividend to pay?

5 Why do some companies not pay dividends?

6 What are the two main ways shareholders make money from shares?

7 How does a company become a listed company?

8 What is an IPO?

9 What does it mean when an investment bank 'underwrites' a company's shares?

10 What is the difference between a primary listing and the secondary market?

11 What is the role of the market regulators?

12 What is a rights issue?

13 When a company makes a rights issue, the share price usually goes down. Why is that?

2 Work in pairs by sharing information to check your answers to the questions in 1.

### **Student A**

Read your extract from the text of the broker's speech and check your answers to the questions in 1. Make notes.

Every day people buy and sell about £16bn of shares on the stock market in London. But what exactly are they buying? Basically, when you buy a share you become an owner of part of that company. The English markets use the word 'share', the American markets also use the word 'stocks'. As a shareholder or stockholder, your investment gives you rights to vote at the annual company meeting (the AGM) and to receive a percentage of the profits that a company will hopefully make. The profit is

distributed to you as a dividend, usually paid twice a year. This is because the Board of Directors who run the company decide each year how much of the profit to give back to the shareholders as a return on their investment and how much to retain for the company to use to invest in new projects. Some very big companies do not pay dividends because they feel that the profit made by the company is better retained in the company to grow that business. That way, the shareholder benefits long term because if the company succeeds, the shares will increase in value. So when they sell the shares they will get a higher price. That is why an investor in shares expects to make two kinds of return: a dividend and a capital increase when they sell. The value of the shares, of course, changes every day as people trade the stock, and so the market capitalization or total value of the company is never constant.

### **Student B**

Read your extract from the text of the broker's speech and check your answers to the questions in 1. Make notes.

What do they do on the stock market every day? Basically, the biggest markets in the world, like Wall Street, try to value companies every day according to the economic prospects of the company and the progress of the economy. A company that wants to offer its shares to the public must first come to the market through an IPO, an Initial Public Offering. When it has this 'listing' the price of the shares can be 'quoted' every day in trading. This initial offer to investors is organized by an investment bank which supports the company and organizes the first day of trading. They work, of course, with the market regulators, like the Financial Services Authority (FSA) in the UK or the Securities and Exchanges Commission (SEC) in the US, to make sure that the company follows all the regulations and the company is not trying to defraud investors. The investment bank will 'underwrite' the shares by promising to buy the shares if no other investors are interested. Market participants call this first offer a primary listing. Once a stock has a quoted price, investors can buy and sell the stock every day, so the stock exists in what they call 'the secondary market'. Sometimes companies need to raise more capital to grow their business and then they can issue new shares in what is called a rights issue. By selling new shares, the company, of course, is getting new money, but at the same time it also means that each individual share in the company is now worth less because it represents a smaller percentage of the whole company.

3 Now work together and check each other's answers. Discuss (as a class) any of the questions you still aren't sure about.

### **3. Complete the text with the words from the list.**

*underwrite new capital shares capital gain primary listing  
stocks dividends institutional investors IPO (Initial Public Offering)  
secondary market return retail investors*

Stock markets perform a vital role in today's world financial markets as a platform on which to trade **1** ... (UK) or **2** ... (USA) in companies, and also as a place for companies to raise **3** .... Stock markets perform two main functions: as a place for companies to raise new capital by issuing shares – a **4** ... – and as a platform for investors to trade shares in what is called the **5** .... When a company issues shares or lists on a market for the first time, it comes to the market in a process called a(n) **6** .... To do this, it will need the services of an investment bank. The investment bank will test investors' interest in order to achieve a valuation and **7** ... the shares by promising to buy any shares not sold to investors. Once trading has begun, investors will buy and sell the shares daily and the price will fluctuate according to demand. The biggest investors in today's stock markets are professionals, the **8** ..., like pension funds, fund managers of mutual funds, or hedge funds. But ordinary people, the **9** ..., can also have an impact, particularly in the buying and selling of small companies' shares. Investors will be hoping to make two kinds of **10** ... on their investment. A return from sharing in the profit a company makes, distributed to them in **11** ..., and a second return from any increase in the share price when they choose to sell, known as a **12** ....

**4. Complete the sentences using these words: *arbitrageurs, bears, bulls, insiders, market-makers, shareholders, stags, stockbrokers.***

1 People who buy stocks and shares are called ... in Britain, and stockholders in the USA (although most of the shares of all leading companies are held by institutional investors such as pension funds and insurance companies).

2 People who buy securities expecting their price to rise so they can resell them before the next settlement day are known as ...

3 People who sell shares hoping to buy them back at a lower price before the next settlement day are called ...

4 People who buy new share issues, hoping to resell them at a profit (if the issue is over-subscribed) are known as ...

5 Shareholders place their orders with, and sometimes seek advice from ..., who are members of the Stock Exchange, but who can work anywhere with a telephone and a computer screen connected to the Stock Exchange.

6 Brokers in turn buy shares from and sell them to ... , who are wholesalers in stocks and shares, and who guarantee to make a market at all times with brokers.

7 ... are people who occupy a position of trust within an organization and possess information not known to the public; buying or selling shares when in possession of such information that affects their price is illegal.

8 ... are people who buy stakes in companies involved (or expected to be involved) in takeover bids.

**5. Match the responses on the right with the questions on the left.**

- |                                     |   |
|-------------------------------------|---|
| <b>1</b> So what exactly are bonds? | <b>A</b> Because of changes in interest rates. For example, no-one will pay the full price for a 6% bond if new bonds are paying 10%. |
|-------------------------------------|---|

**2** And how do they work?

**3** So you have to keep them for a long time?

**4** Why should that happen?

**5** Oh, I see. Is that what they mean by below par?

**6** But the bond's interest rate doesn't change?

**7** How's that?

**8** And people talk about AAA and AAB bonds, and things like that.

**9** And what about gilts?

**10** Not Treasury Bills?

**11** And James Bond ?

**B** Exactly. And the opposite, a bond whose market value is higher than its face value, is above par.

**C** I knew you'd finish by saying that!

**D** No, not at all. Bonds are very liquid. They can be sold on the secondary market until they mature. But of course, the price might have changed.

**E** No, not unless it's a floating rate bond. The coupon, the amount of interest a bond pays, remains the same. But the yield will change.

**F** No, those are short-term (three-month) instruments which the government sells to and buys from the commercial banks, to regulate the money supply.

**G** That's the name they use in Britain for long-term government bonds – gilts or gilt-edged securities. In the States they call them Treasury Bonds.

**H** They're securities issued by companies, governments and financial institutions when they need to borrow money.

**I** Well, a bond's yield is its coupon payment expressed as a percentage of its price on the secondary market, so the yield changes if you buy or sell above or below par.

**J** Well, they usually pay a fixed rate of interest and are repaid after a fixed period, known as their maturity, for example five, seven, or ten years.

**K** Yes. Bond-issuing companies are given an investment grade by private ratings companies such as Standard & Poors, according to their financial situation and performance.

## **6. Complete the sentences.**

1 Companies generally use investment banks to ... their bonds.

2 Thereafter, they can be traded on the ... market.

3 The amount of interest a bond pays is often called its ...

4 The majority of bonds have a ... rate of interest.

5 A bond's ... depends on the price it was bought at.

6 A bond priced at 104% is described as being ...

7 Bonds are repaid at 100% at ...

8 AAA is the highest ...



**7. Look at these tips from an online forum in which people explain their investment strategies. Work in pairs. Which three of these strategies do you think could be the most successful? Why would they work better than the others?**

A If you want to invest in the markets, you should spread your risks by investing in several companies in different sectors. That way you reduce your exposure to any one company.

B I believe that it is best to invest in large international companies with strong brands. Small companies are just too risky.

C Take Warren Buffets advice (the famous US investor): ‘Be fearful when others are greedy and greedy when others are fearful’.

D The only way to make money on the markets is to invest your money for at least five years. Buying and selling quickly – or day trading – is just a way to lose your money.

E The best way to invest in the stock market is to invest in a general fund, in which a manager decides which shares to buy or sell.

F Watch the discussion boards for good stories about companies. Then ‘buy on the rumour, sell on the news’.

**8. Work in groups. Discuss these questions.**

1 Do you think it is worth investing in shares? Or is it just ‘gambling’, like the lottery?

2 Which companies or sectors would you invest in today? Why?

**9. Describing consequences.**

When we talk about the consequences of events we can use first conditional sentences with *If ...* We can ask and answer questions in this way:

*What will happen if the government nationalizes the biggest banks?*

*If the government nationalizes the biggest banks, shareholders will lose their money.*

We can change the probability by using these modal verbs:

**should – high probability**

*If the government nationalizes the biggest banks, customers should feel more confident.*

**may / might – lower probability**

*If the government nationalizes the biggest banks, top managers may lose their jobs.*

**Write three different answers for these questions using the modal verbs above and the phrases below each question.**

EXAMPLE

What will happen if the Chinese economy slows down?

investors

*If the Chinese economy slows down, investors will / may sell their shares.*

- 1 What will happen if the Chinese economy slows down?  
 a company profits  
 b the price of steel and metals  
 c unemployment
- 2 What will happen if a flu virus spreads around the world?  
 a shares in airline companies  
 b sales of pharmaceutical drugs  
 c business travel and trade
- 3 What will happen if the US government does not support its car industry?  
 a workers  
 b car suppliers  
 c foreign car producers

**10. Speaking.**

**News briefings**

If you work as a trader on the stock market, every day will start with a news briefing in which the analysts interpret the day's news for the share traders.

1 Look at the morning news announcement from *Reuters*, the news agency, below and the analyst's notes on the probable effects that follow. Mark each of the effects P (positive) or N (negative).

Supermarkets and shop owners protest as government bans all petrol-driven cars from city centres.

Analyst's notes

- *the demand for electric vehicles*
- *profits of big supermarkets in city centres*
- *the share price of car battery manufacturers*
- *sales of petrol car manufacturers*

2 Look at how one analyst presents their comments in a morning briefing. Complete the model using the information from the news announcement and analyst's notes above.

**MORNING BRIEFING**

Reuters today announced

1 \_\_\_\_\_

This will have a significant impact on share prices this morning.

**POSITIVE EFFECTS**

On the one hand, this will probably lead to an increase / decrease in

2 \_\_\_\_\_

Equally, this will probably result in an increase / decrease in

3 \_\_\_\_\_

**NEGATIVE EFFECTS**

On the other hand, this will certainly lead to an increase / decrease in

4 \_\_\_\_\_

At the same time, this will result in an increase / decrease in

5

---

## CONCLUSION / RECOMMENDATION

As a result, we believe we should buy

6

---

and we should sell

7

---

### 11. Work in pairs. Discuss the questions.

1 Have you ever used Internet blogs to find out about a job you would like to do in finance?

2 What can you learn from blogs that you can't learn from a job advert?

### 12. Read the text. Which things does Jim find most exciting and which are most frustrating? Make notes and compare with a partner. Do you both agree with Jim's view?

Name: Jim Chung

Job: junior equity analyst at an investment bank

Location: New York

I just wrote this blog to give other students an idea of my life on the stock markets here as a typical equity analyst in New York. Here's my routine:

6:00. Check the computer for early morning news announcements. I have to prepare a report on a small technology company for the morning briefing with the sales team at 7. Have to chase company data on sales. Deliver the report successfully and have time to grab a coffee before returning to my desk.

9:30. As the market opens, I watch to see what happens to the share price of the company I just reported on. I got it right! The stock is up and the phone begins to ring as sales people want info on the company.

1:00. Lunch with the head of another fast-growing software company at Juno's Bistro. Order a great meal but I have no time to eat it, since I am asking questions all the time and trying to reach a conclusion about the company's prospects to tell my boss.

2:00. Draft a report to my boss on the meeting. Check the market again for any news announcements. Prepare some figures on a possible takeover.

4:30. Market closes but then there is a news announcement from one of the companies I am responsible for. That means a long night since I know my boss will want to discuss it before he leaves so I won't get back home before 10. No time for the gym!

### 13. Reading the financial press.

If you want to research a company to invest in, you can look online or in a newspaper at the share price tables. But what kind of information do you want to know?

1 Work with a partner and make a list of four key things you need to know about a company before you consider investing in it.

EXAMPLE

1 the share price

2

3

4

2 Share price tables use a lot of financial expressions. Look at the table below and match the labels in the table with the definitions 1–9. Put the correct numbers 1–9 in the spaces in the table. One of the items in the table doesn't have a matching definition. Which one?

( ) Sector: oil & gas								
( ) Symbol	( ) Current price	( ) Change on day	( ) 52 – week high	( ) 52 – week low	( ) Dividend yield	( ) p/e Price / Earnings ratio	( ) Market cap. £UK	( ) Volume 000s
BP	450p	+23	657	347	9%	5.2	81bn.	72,848

1 the number of shares traded yesterday

2 the percentage return you can expect to receive each year for investment in each share

3 the price you must pay for one share today

4 the total value of the company yesterday

5 the code you need to look up the shares online

6 if the share price increased or fell yesterday

7 the area of industry in which the company works

8 the relation between the earnings made by the company on each share and the current price of the shares

9 the highest price paid by investors for a share this year

Now, using the information in the table, answer these questions.

1 If you wanted to buy 200 shares in BP today, how much would it cost you? (Note in the UK share prices are quoted in pence so 100p = £1.)

2 If you bought the shares at the lowest price for the year, how much did you pay?

3 If you sold the same shares today, how much money have you made?

4 If you bought 200 shares today, how much money would you expect to earn in dividends?

5 How many shares in BP were traded yesterday?

#### **14. Individual task.**

You are going to research the share price performance of the IT company Microsoft.

1 Find the 'financial markets' section on an Internet website such as Yahoo, Google, or MSN.

Enter the stock code for Microsoft: (msft)

2 Find

- the current share price. Is it up or down today?
- the 52-week high and low of the price
- the one year target price analysts expect it to reach

3 Use the charts section and look at the graphs. Find what has happened to the stock in the last 12 months? Has it gone up or down?

4 Find the 'company news' section and find the latest reports from the company.

Make a note of any important news announcements or product launches that may affect the share price.

#### **15. Writing.**

##### **An analyst's report**

Stock market analysts, who often work for investment banks or brokers, write regular reports on companies to update clients on recent performance. They then publish recommendations to buy, sell, or hold the stock. These reports strongly influence stock market prices.

1 Read the analyst's report on Boggle below. Look at the four headings and write each heading in the correct place in the report.

Sector outlook

Recommendations

Share price performance

CEO's statement

2 Look at the expressions *in italic* used in the report below. Match the expressions a-k with the functions 1- 6 below. Some of the functions match with more than one expression.

1 companies giving news and information about themselves

2 predicting the future

3 describing recent share price performance

4 making comparisons

5 describing consequences

6 making recommendations

##### ***Analyst report***

Company name: BOGGLE

Sector: Internet technology  
Current share price: 390 target price: 480  
52-week high: 570 52-week low: 330  
Recommendation: buy / sell / hold

**1**

**a** *Over the last six months, Boggle's share price has increased by 20%.* This is due to a sharp rise in advertising revenue and a big increase in new customers.

**b** *The performance compares with a fall for the S&P 500 index of 18%.*

**2**

**c** *The outlook looks positive for the whole Internet sector.*

**d** *Most analysts remain bullish, with Internet advertising taking market share from traditional press and TV commercials.*

**e** *The online sector is projected to grow by 60% over the next three years.*

**3**

At a recent press conference, **f** *the company announced* that Boggle was facing difficult economic conditions in the global market. However, **g** *CEO Eric Bulwark commented that* the launch of new projects, like the upgrade of Boggle phones, **h** *will certainly lead to* a rise in sales. At the same time, Boggle has promised to cut costs and reduce investment in equipment and property. This **i** *will probably result in* an increase in profits.

**4**

We believe that Boggle's shares will outperform the S&P 500 index over the next twelve months. We have moved Boggle from hold to buy and **j** *we recommend buying up to a \$480 target share price.* **k** *We would advise clients to buy now on weakness.*

3 Your boss has asked you to update the information on your company's website. Check the recent press releases from the software sector below.

### **Microphose shock!**

Microphose reports big fall in profits and rise in investment costs. Share price down from \$24 to \$21 this morning. Fall now is 40% over 12 months compared with 22% fall for the NASDAQ.

### **Outlook poor for Microphose**

Analysts turn negative on the computer sector as sales forecasts show only 5% growth over the next 3 years.

### **Chairman's warning**

Chairman warns of difficult market conditions as mobile applications begin to take market share from traditional personal computer market. Promises to invest in new products to boost profits.

### **Analysts advise 'sell'**

Analysts move recommendations on Microphose from buy to sell setting a target price of \$23 per share. Analyst Dave Sweetman at Goldman Sachs explained that the high cost of investing in new products will result in lower profits over the next few years.

4 Now complete the analyst's report for Microphose using the language expressions from the Boggle report and the information in the press releases above.

Company name: *Microphose*

Sector: **1** ...

Current share price: **2** ...

Target price: **3** ...

52-week high: \$32 52-week low: \$20

Recommendation: buy / sell / hold **4** ...

Share price performance

Over the last twelve months, Microphose's share price **5** ...

This is due to **6** ...

The performance **7** ...

for the NASDAQ index of **8** ... over the same period.

Sector outlook

The outlook for the computer software sector looks **9** ... over the next twelve months.

Most analysts remain **10** ...

The total computer sector **11** ... grow by **12** ... over the next three years.

Chairman's statement / recent news

At a recent press conference, the company Chairman **13** ...

However, the Chairman promised **14** ...

This will probably **15** ... an increase in profits in the long term.

Recommendations

We believe that Microphose's shares will underperform the NASDAQ index over the next twelve months. We have moved Microphose from **16** ... to **17** ... and we have set

a target price of **18** ... .

We would **19** ... now on current prices.

### **Рекомендована література**

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4. Richey R., Bonamy D. English for Banking and Finance. Course Book 1. Pearson Longman, 2011. 82 p.