

The Stock Market



Warm up:

- How important is it to invest your money?
- What are the best ways to invest?
- What do you think are risky investments?
- Have there been any investment opportunities that you missed and wish you had taken advantage of?
- Which are some of the biggest stock exchanges in the world?
- Is there a financial exchange in your country? Where is it?
- Have you heard of any apps that help you invest in the stock market? If so,
 - What do you know about them?
 - Have you tried them?
 - Do you think they are legitimately good at helping users invest?



1. What's the difference between *stocks* and *shares*? Read the descriptions below and fill in the gaps with *stocks* or *shares*.

...*Stocks*... represent the holder's part-ownership in one or several companies. Meanwhile, ...*Shares*..... refer to single units of ownership in a company.



2. Take a look at the 11 different market sectors and match the description to the sector on the following page.

A *stock market sector* is the grouping of stocks which are similar in industry to each other. According to the Global Industry Classification Standard (GICS), there are 11 different stock market sectors.



Photo credit: [The Motley Fool](https://www.motleyfool.com/)

<i>Stock market sector</i>	<i>Brief description of sector</i>
1. Materials	a. Various goods in manufacturing: chemicals, construction materials, containers, packaging, paper etc.
2. Healthcare	b. Includes pharmaceutical companies, biotech, analytical tools, surgical supplies etc.
3. Information Technology	c. Companies involved in technological innovation, including creating software, implementing technological solutions, and building hardware components.
4. Financials	d. Banks, brokerage houses, insurance companies etc.
5. Energy	e. Companies that do business in oil, natural gas, coal and ethanol.
6. Consumer Staples	f. Goods and services which consumers need. For example, food, beverages etc.
7. Communication services	g. Landlines, entertainment companies, interactive media via the internet and modern forms of communication.
8. Industrials	h. Transportation (airlines, railroads, and logistics), defence, construction, machinery, engineering etc.
9. Real Estate	i. Companies responsible for developing new real estate projects.
10. Consumer Discretionary	j. Luxury goods such as automobiles, luxury goods, leisure products etc.
11. Utilities	k. Companies delivering things such as electrical power and water to residential and commercial customers.

- Which of these sectors are the biggest in your country?
- Which of these sectors do you work in?
- Are any of these sectors facing big changes? If so, what kind of changes?



3. Take a look at the diagram below of the biggest stock market crashes in history. What do you know about them?

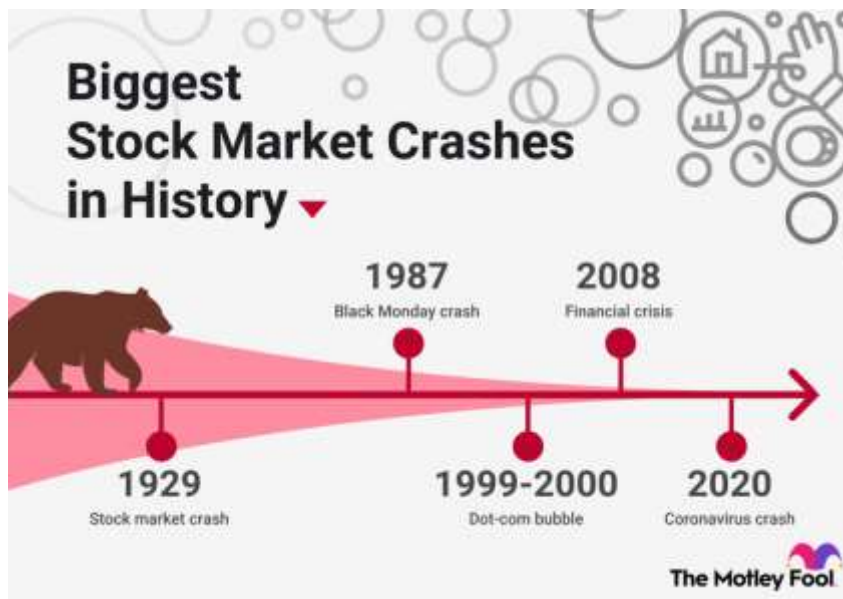


Image credit: [The Motley Fool](https://www.motleyfool.com)

For further reading on this topic go to this [link](#).



4. The Wall Street Bull

- Have you ever seen *The Charging Bull*?
- What do you know about it? Do you know when it was made and by whom?
- What do you think the bull represents?



Read the following article about the famous *Wall Street Charging Bull* and discuss the points on the following page.

Edited: Article by [Vested](#). December 15, 2020

Believe it or not, the Wall Street Bull wasn't commissioned by New York City. It was a piece of guerrilla art created by Arturo Di Modica — a Sicilian-born New York artist — after the stock market crash of 1987. It took Di Modica two years and \$350,000 to complete the statue (a cost he covered himself). The 11-foot-tall, 7,100-pound statue was so big that he had to cast it into separate pieces, then have it welded together and finished by hand.



On the night of December 15, 1989, Di Modica loaded the bronze beast onto the back of a flatbed truck and drove it to the New York Stock Exchange. He dropped it off under a 60-foot Christmas tree that adorned the city. - No permits, no permission. He just unloaded it off and left.



As you can imagine, the New York City Police Department was outraged. They impounded the Wall Street Bull and had it sent to Queens. The public outcry following the impounding of the Wall Street Bull was enough for the New York City Department of Parks & Recreation to reinstall it six days later. But instead of returning it to the New York Stock Exchange, they found a new home for it in the Bowling Green area of Lower Manhattan, where it resides today.

Photo credit: [Piccola New Yorker](#)

Di Modica created the Wall Street Bull to symbolize America's power and resilience after the 1987 stock market crash. According to his assistant at the time, Di Modica built the statue to "encourage everybody to realize America's power." But visitors and locals alike have their own take on what the Wall Street Bull means. Some say it's a shrine to American capitalism. Others say it's a symbol of good luck — and that giving it a rub is the same as rubbing Buddha's belly. The Wall Street Bull is one of New York City's most iconic landmarks. It's been featured in several movies and TV shows, such as *Hitch* and *The Wolf of Wall Street*. You'll also find replicas on display in Shanghai (on The Bund) and Amsterdam (outside of Euronext).

- Were you correct about any of the information you discussed before the article?
- Did you find the article interesting? If so, which points?
- Do you think your country should get a version of the *Charging Bull*?



5. You are going to watch a video called *How does the stock market work?* The following vocabulary will be in the video. Match the vocab to its correct definition.

- | | | |
|----------------------|----------|--|
| 1. to trade | <i>k</i> | a. one who shows good practical knowledge and makes good judgements. |
| a. to fund | <i>m</i> | b. the first opportunity at doing something. |
| b. to afford | <i>f</i> | c. the amount for which something can be sold on a given market. |
| c. savvy (adj) | <i>a</i> | d. a set of agreements, regulations, and practices by a government that affect trade with foreign countries. |
| d. to launch | <i>i</i> | f. to have enough money to pay for something. |
| e. the first crack | <i>b</i> | g. something that can change. |
| f. to have potential | <i>l</i> | h. to decrease/reduce/drop |
| g. to decline | <i>h</i> | i. planned effort to bring something to market. |
| h. market value | <i>c</i> | j. irregular rising and falling of a number. |
| i. fluctuation | <i>j</i> | k. the action of buying and selling goods. |
| j. trade policies | <i>d</i> | l. having the necessary abilities or qualities to become successful or useful in the future. |
| k. variable | <i>g</i> | m. to provide money to get an idea or a project moving. |



Before you watch the video discuss the following point with your class.

- Do you know where and how the stock market began?



6. Watch the video and discuss the following questions with your class.

1. Where did the stock market start and what was the name of the company which started it? *It started in the Netherlands by the Dutch East India Company.*
2. Where and why did they originally sell shares? *Their voyages to trade gold, porcelain, spices and silks around the globe were very expensive. So, they turned to private individuals to fund their voyages. Individuals who could invest money to support the trip in exchange for a share of the ships profits. This allowed for bigger voyages and more profit for themselves and their investors.*
3. What does a company do before launching? *They will advertise themselves to big investors. If they think it is a good idea they get the first crack at investing and then sponsor the company's IPO.*

4. what does IPO stand for? *Initial Public Offering*

5. What do investors do if they think that their stock value is going to decline? *They'll sell their stocks with the hopes of making a profit.*

6. What are some of the influences of market forces?

- *the fluctuating price of materials*
- *changes in production technology*
- *the shifting costs of labour*
- *investors may be worried about change in leadership*
- *bad publicity*
- *new laws*
- *trade policies*
- *Sometimes investors are happy to sell valuable stock and pursue personal interests.*