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The 4 page 60 minute ESL British English lesson – 05/03/14

Emerging Markets Sell Off

Recently stock markets around the world took a tumble after investors dumped emerging market stocks. In this lesson we will look at what happened in the last week of January when investors yanked some US\$3.3 billion; causing the largest outflow on record in dollar terms.

Emerging markets have been hit this year because of a slowdown in China, rising interest rates in the US, political turmoil in several countries around the world and overall concerns that emerging markets haven't reformed fast enough to make growth substantial.

The sell-off intensified after Argentina gave up trying to defend the value of its currency. Central banks in India, South Africa and Turkey were forced to jack up interest rates to try to halt the exodus. A good example of this was Turkey's dramatic move to raise interest rates by 4.75%. This appeared to have paid off in the short term with equity markets taking in fresh money for a sixth straight week.

The flight from riskier markets was also reflected in the emerging bond funds, with redemptions hitting an eight month high. Together with Brazil and Indonesia these five countries make up the so-called 'Fragile Five'. These five countries depend on foreign investment to finance imports. All are set to hold elections this year, promising months of uncertainty and little impetus for reform. Protests in Thailand and Ukraine have also served as a powerful reminder of the risks emerging market investor's face.

Still despite the broad retreat some markets have managed to buck the trend. China though has still managed to attract investment.

Of course, what goes down can bounce back...

SPEAKING – WARM UP

What do you understand by the term 'emerging markets'? Go round the room swapping details with others.

LISTENING – WRITING - DICTATION

The teacher will read some lines of the article slowly to the class.

READING

Students should now read the article aloud, swapping readers every paragraph.

SPEAKING - UNDERSTANDING

1) The article – Students check any unknown vocabulary or phrases with the teacher.

2) The article - Students should look through the article with the teacher.

- 1) What is the article about?
- 2) What do you think about the article?
- 3) Was this an easy or difficult article to understand?
- 4) Was this a boring or interesting article?
- 5) Discuss the article.

3) Article quiz - Students quiz each other in pairs. Score a point for each correct answer. Score half a point each time you have to look at the article for help. See who can get the highest score!

Student A questions

- 1) Explain what emerging markets are?
- 2) Name the 'Fragile Five'.
- 3) Turkey raised its rate by how much?
- 4) What has been happening in Ukraine and Thailand?
- 5) How much money was yanked out?

Student B questions

- 1) What does 'yanked' mean?
- 2) What does 'tumble' mean?
- 3) What did Argentina do?
- 4) What happened in the bond market?
- 5) Who bucked the trend and what does 'buck' mean?

**Category: Business / Emerging Markets / Funds
Intermediate / Upper Intermediate**

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WRITING / SPEAKING

In pairs. On the board write as many words as you can to do with '**Emerging markets**'. *One-two minutes.* Compare with other teams. Using your words compile a short dialogue together.

WRITING / SPEAKING

In pairs – Choose six emerging markets. Write them below. Talk about them. Which is the best to invest in? Why?

- 1) _____ (4) _____
- 2) _____ (5) _____
- 3) _____ (6) _____

Add three advantages and three disadvantages of investing in emerging markets. Discuss together.

- 1) _____ (1) _____
- 2) _____ (2) _____
- 3) _____ (3) _____

The teacher will choose some pairs to discuss their findings in front of the class.

WRITING / SPEAKING

In pairs, write down three ways to invest your money. Talk about them. Which is better? 5 mins.

The teacher will choose some students to read out their work to the class.

DISCUSSION

Student A questions

- 1) Did the headline make you want to read the article?
- 2) Do you hold any mutual funds/unit trusts?
- 3) Do you follow the stock market?
- 4) Do you hold any stocks?
- 5) Why do stock markets affect every one of us?
- 6) Will emerging markets bounce back?
- 7) Would you invest money into Ukraine or Thailand?
- 8) Would you invest money via an emerging markets fund into Ukraine or Thailand?
- 9) Would you deposit your money into a Turkish bank savings account?
- 10) Have you learnt anything in today's English lesson?

SPEAKING – ROLEPLAY 1

In groups. One of you is the interviewer. There are up to four guests. You are in the CNN TV studio. Today's interview is: *Emerging Markets Sell Off.* 10 mins.

- 1) An investor.
- 2) An economic expert.
- 3) A Fund Manager.
- 4) A day trader.

The teacher will choose some groups to roleplay their interview in front of the class.

SPEAKING - ROLEPLAY 2

In pairs. Student A wants to invest in 'safe stocks'. Student B wants to invest in 'riskier emerging markets'. 5 mins.

SPEAKING – DISCUSSION

Allow 10 minutes – As a class.

Are Emerging markets a safe bet to invest your money in?

The teacher can moderate the session.

DISCUSSION

Student B questions

- 1) How will American quantitative easing affect Emerging Markets?
- 2) Give two examples of political turmoil that has caused disruption to the markets.
- 3) Name three risky markets to put your money into.
- 4) Would you invest in the Fragile Five?
- 5) Is there going to be another stock market crash?
- 6) How safe is your money in bonds/unit trusts/mutual funds/stocks?
- 7) What are the risks of investing into an emerging market?
- 8) Which way are the markets going now?
- 9) Has this been a difficult lesson for you to understand?
- 10) Did you like this discussion?

GAP FILL: READING

Emerging Markets Sell Off

Recently stock markets around the world took a (1)___ after investors dumped emerging market stocks. In this lesson we will look at what happened in the last week of January when (2)___ yanked some US\$3.3 billion; causing the largest (3)___ on record in dollar terms.

Emerging markets have been hit this year because of a slowdown in China, rising interest rates in the US, political (4)___ in several countries around the world and overall concerns that emerging markets haven't reformed fast enough to make growth (5)___.

The sell-off intensified after Argentina gave up trying to defend the value of its (6)___ . Central banks in India, South Africa and Turkey were forced to jack up interest rates to try to halt the (7)___ . A good example of this was Turkey's dramatic move to raise interest rates by 4.75%. This appeared to have paid off in the short term with equity markets taking in fresh money for a sixth (8)___ week.

straight / exodus / currency / turmoil / investors / tumble / outflow / substantial

The flight from riskier markets was also reflected in the emerging (1)___ (2)___, with (3)___ hitting an eight month high. Together with Brazil and Indonesia these five countries make up the so-called '(4)___ Five'. These five countries depend on foreign investment to finance imports. All are set to hold elections this year, promising months of uncertainty and little impetus for reform. (5)___ in Thailand and Ukraine have also served as a powerful (6)___ of the risks emerging market investor's face.

Still despite the broad (7)___ some markets have managed to buck the trend. China though has still managed to attract investment.

Of course, what goes down can (8)___ back...

protests / redemptions / fragile / funds / bond / reminder / bounce / retreat /

GAP FILL: GRAMMAR

Emerging Markets Sell Off

Recently stock markets around the world took a tumble after investors dumped emerging market stocks. In this lesson we will look at (1)___ happened in the last week of January (2)___ investors yanked some US\$3.3 billion; causing the largest outflow on record in dollar terms.

Emerging markets have been hit this year (3)___ of a slowdown in China, rising interest rates in the US, political turmoil in several countries around the world and overall concerns (4)___ emerging markets haven't reformed fast enough to make growth substantial.

The sell-off intensified (5)___ Argentina gave up trying to defend the value of its currency. Central banks in India, South Africa and Turkey were forced to jack up interest rates to try to halt the exodus. A good example of (6)___ was Turkey's dramatic move to raise interest rates by 4.75%. This appeared to have paid off in the short term (7)___ equity markets taking in fresh money (8)___ a sixth straight week.

this / that / when / after / for / because / what / with

(1)___ flight from riskier markets was also reflected in the emerging bond funds, with redemptions hitting an eight month high. Together with Brazil and Indonesia these five countries make up the so-called 'Fragile Five'. These five countries depend (2)___ foreign investment to finance imports. All are set to hold elections this year, promising months of uncertainty and little impetus for reform. Protests (3)___ Thailand (4)___ Ukraine have also served (5)___ a powerful reminder of the risks emerging market investor's face.

(6)___ despite the broad retreat (7)___ markets have managed to buck the trend. China though has still managed to attract investment.

(8)___ course, what goes down can bounce back...

of / in / on / as / the / some / still / and

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GAP FILL: LISTENING

Emerging Markets Sell Off

Recently _____ the world took a tumble after investors dumped emerging market stocks. In this lesson we will look at what happened in the last week of January when investors yanked some US\$3.3 billion; causing _____ on record in dollar terms.

Emerging markets have been hit this year because of a slowdown in China, rising interest rates in the US, political turmoil in several countries around the world and overall concerns that _____ haven't reformed fast enough to make growth substantial. The sell-off intensified after Argentina gave up trying to defend the _____. Central banks in India, South Africa and Turkey were forced to jack up interest rates to try to halt the exodus. A good example of this was Turkey's dramatic move to raise interest rates by 4.75%. This appeared to have paid off in the short term with equity markets taking in fresh money for a _____.

The flight from _____ also reflected in the emerging bond funds, with redemptions hitting an eight month high. Together with _____ these five countries make up the so-called 'Fragile Five'. These five countries depend on foreign investment to finance imports. All are set to hold elections this year, promising months of uncertainty and _____ reform. Protests in Thailand and Ukraine have also served as a powerful reminder of the risks emerging market investor's face.

Still despite _____ some markets have managed to buck the trend. China though has still managed to attract investment.

Of course, _____ bounce back...

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WRITING/SPELLING

WRITING / SPEAKING

1) In pairs, as a class - look at the following words from the article (see below). Try to explain their meanings... then use these words to have a conversation with your partner.

Took a tumble / dumped / yanked / outflow / hit / slowdown / rising / turmoil / fast enough / substantial / sell-off / intensified / jack up / exodus / halt / raise / flight / redemptions / risks / broad retreat / buck the trend / attract / bounce back

2) Sentence starters - Finish these sentence starters. Correct your mistakes. Compare what other people have written.

- 1) Emerging Markets _____
- 2) Investors _____
- 3) The sell-off _____

3) Homework - Write and send a 200 word email to your teacher about: **Emerging Markets**. Your email can be read out in class.

GAP FILL READING

- 1) tumble
- 2) investors
- 3) outflow
- 4) turmoil
- 5) substantial
- 6) currency
- 7) exodus
- 8) straight

ANSWERS

- 1) bond
- 2) funds
- 3) redemptions
- 4) fragile
- 5) protests
- 6) reminder
- 7) retreat
- 8) bounce

SPELLING

The teacher will ask the class individually to spell the following words that are in the article. Afterwards check your answers.

- 1) yanked
- 2) example
- 3) Argentina
- 4) halt
- 5) jack up
- 6) redemptions
- 7) riskier
- 8) investment
- 9) fragile
- 10) finance

SPELLING

Use the following ratings:

- Pass = 12**
- Good = 15**
- Very good = 18**
- Excellent = 20**

- 11) still
- 12) despite
- 13) retreat
- 14) buck
- 15) though
- 16) attract
- 17) bounce
- 18) course
- 19) substantial
- 20) tumble

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