



BUSINESS ENGLISH LESSON 1: INVESTING IN CHINA

Background: This Business English lesson is about a guy who wants to invest \$10 000 in the Chinese mainland stock market. He is talking to a financial sales representative to see what his options are. He wants to buy an index fund so he can have a lot of exposure to the stock market without paying the high fees of mutual funds. He finds out that he can only buy mutual funds because there are no index funds for the mainland. He feels a little hesitant to listen to the sale's person because he knows that financial sale's people earn more money in commissions when they sell mutual funds. Sometimes sale's people will recommend products that will make themselves more money, and not the products that they truly believe will be the best for the client. In the end the client decides to buy the mutual fund because he believes he has no other good options with his limited \$10 000 investment and the fact that he isn't really sure which companies he should buy on the Chinese stock exchange.

Conversation

A: So what can I do for you today?

B: I'm looking to invest \$10 000 into an **index fund** and I was wondering about which funds you have for the **Chinese mainland market**.

A: We only have **mutual funds** for the Chinese market. Unfortunately there is no index fund for the mainland yet.

B: Really? I really don't want to buy mutual funds because of the **fees**. Is there any other way to **get a piece of the action**?

A: You could buy **multinationals** that do a lot of business in China. That's one **indirect way** of doing it and you'd be able to avoid the fees. I'd still recommend, however, that you buy a mutual fund to **diversify**.



B: Well, I'm not surprised. I'm sure you get a nice **commission** on that. But maybe I should buy one because I really would have no idea what to choose on my own and a **\$10 000 investment isn't a lot to play with.**

Key vocabulary and phrases that are discussed in the podcast:

Index fund: A passively managed group of stocks. Index funds have rules for which kinds of stocks will be part of the fund. The stocks are not chosen by a person so they are cheaper than mutual funds. One index fund might be all the stocks on the Toronto Stock Exchange.

Mutual fund: An actively managed group of stocks. There is a team of people who choose which kind of stocks will be part of the fund. When you buy them you have to pay a commission of often 2% per year regardless of whether or not the fund makes any money.

Get a piece of the action: It means to join in on something that is hot or going really well.

Multinationals: Short for Multinational Corporation. These are large companies that do business in several different countries. Macdonald's and Microsoft are two examples of Multinationals.

Diversify: Invest your money in many different things to reduce risk. If you invest all your money in one thing only, you have a higher chance of losing a lot of money.



Money to play with: If you have money that you are willing to invest, then we often call this money to play with. It also implies that it is money that you can afford to lose.

**BUSINESS ENGLISH LESSON 2: GETTING A MORTGAGE**

Background: Business English podcast 2: buying a house
Mortgage: a bank loan for a house.

Down payment: the money that you pay at first when you buy something on a loan. For example, if you bought a 200 000 home, you might pay 10% or 20 000 dollars for a down payment. The rest of the 180 000 is the mortgage.

Conversation

A: My wife and I are looking to buy a **starter home**. We're wondering how much we can **realistically afford**.

B: What do you two currently **do for a living**? How is your **credit rating**? And how much do you have for a down payment?

A: We are both high school teachers and make about \$50 000. We always pay our bills on time and have no debt but I'm not really sure what are credit rating is. We've saved \$30 000 for a down payment.

B: Although you'd have to look into it with a bank or a **mortgage broker**, I'm guessing you could get a 25 year **fixed rate mortgage** for around 6%.

A: So what would that be **in terms of** a house price?

B: **Off the top of my head** I'd say somewhere **in the neighborhood** of \$300 000. But make sure you check with a mortgage broker.

Key vocabulary and phrases that are discussed in the podcast:

Starter home: The first home that usually a young married couple buys. It is a house to live in but not the house they plan on living in forever. Once they earn enough money they will move into a nicer house.

Realistically afford: The amount of money that you can handle paying. You should also be safe and think about what happens if you lose your job and not just get the most expensive house you can buy.

Do for a living: what kind of job you have.

Credit rating: Each person has a credit rating, which is a score based on how well the banks think that person will be able to pay back the loan. If you have a stable job and a history of always paying your bills on time then your credit rating will be good. People with good credit ratings will get loans easier and get to pay a lower interest rate.

Mortgage broker: A person who specializes in mortgages. They help people who are buying homes find suitable mortgages for them at low mortgage rates.

Fixed rate mortgage: There are two types of mortgages. Fixed rate mortgages and variable rate mortgages. A fixed rate mortgage is a loan where the rate that you pay back the bank does not change over time. Variable rate mortgages change over time with the state of the economy.



In terms of: This is a phrase that is used to talk about something in a specific way. For example if you ask “how good were your grades in high school?” someone could answer “very good” or “not bad”. If you ask, “how good were your grades in school in terms of getting into a top university?” then the person must answer in a way that describes if their grades were good enough to get into a top school. For example, they could say, “my grades were high enough to get me into any school except for the ivy league schools”

Off the top of my head: This is a phrase to use when you aren’t sure of something exactly but you want to take a guess right now. If someone asks you how much an airplane ticket from Toronto to Shanghai costs, and you aren’t exactly sure you could say, “Off the top of my head I’d say about \$1000”.

Somewhere in the neighborhood of: This is another phrase that is used to give your best guess at a number. If someone asks, “how many people have a gym membership to your gym”, you could say, “somewhere in the neighborhood of 2000”.

BUSINESS ENGLISH LESSON 3: START-UP COMPANY

Background: Business English podcast 3 : A start-up Company

Start-up company: A new company that is just starting. Usually there are a group of investors who use their money together for the initial investment. They often have the goal of getting big enough to list their company on a stock exchange. Sometimes we just say “start-up” instead of “Start-up Company”. They mean the same thing.

SEO: It stands for Search Engine Optimization. This is talking about getting an Internet website popular on search Engines like Google or Yahoo.

Conversation

A: Hey I've got an idea for a new **start-up**. Would you be interested in investing?

B: That totally depends on what it is. What's the idea?

A: I'm thinking of starting up an **SEO** company in India. I've been involved in this industry for several years and I know that even some American companies are still turning a profit with huge **labor costs**. We could do the same thing in India at a fraction of the cost because the labor there is much cheaper.

B: What about the talent level and language barriers?

A: The talent in India for IT is **world class**, and virtually all the highly educated people speak English quite well. That's why there is so much of that kind of **outsourcing** to India going on right now. We've got to **strike while the iron is hot**.

A: I think we could do it with \$5 000 000. And that's a pretty **conservative estimate**. I've got 3 investors who have already signed on and I'm looking for one more. I'd like to split it equally so we'd each be in for \$1 000 000.

B: Well you've **peaked my curiosity**. Let's meet for coffee next week and discuss it further.

B: What kind of **initial capital** are **we talking about**? Do you have any potential **angel investors**?

Key vocabulary and phrases that are discussed in the podcast:

Labor costs: The amount of money it costs to hire workers. Labor costs are much lower in developing countries, which makes many businesses want to move to those countries to save money.

Fraction of the cost: A common phrase that means something is much cheaper than in some other place. You could say, "you can get a good massage in China for a fraction of the cost you could in any western country". That means massages are much cheaper in China than in western countries.

World class: Means that the quality is as good as it is anywhere in the world. Very high quality.

Outsourcing: When a company decides to stop doing some part of its work and either let another company do that part of its work or hire cheaper workers in a different country to do instead. One example of outsourcing would be if an American clothing manufacturer decided to stop making its fabric in the US and instead open a factory in Vietnam to make the fabric.

Strike while the iron is hot: A common phrase that means you should take advantage of a good situation that might only be temporary. For example, if your restaurant business does really well in the summer than you should keep it open longer to make as much money as you can during that time when the money is the easiest to earn.

Initial capital: Capital is just the money that you need to put into some investment. Initial capital means the money that you use for a new business at the very beginning.

What kind of initial capital are we talking about: This is another way of asking, “how much initial capital do we need?”. Another example is if someone says, “my girlfriend is really hot”, someone else might ask, “how hot are we talking about?”. Then if she’s really hot you could say something like, “super model hot”.

Angel investors: The first investors into a new project or start-company. Anyone who invests at the very beginning. Angel investors are often wealthy people who invest in several start-up companies. These are quite risky investments but also have the potential to earn a lot of money.

Conservative estimate: It’s a safe estimate at a number. Here for example, he said \$5000000 was a conservative estimate. That means that he might need less than that money, but \$5000000 should definitely be enough money, even if a couple of things are more money than that.

Peaked my curiosity: It means I’m interested but I still need to find out more information.

**BUSINESS ENGLISH LESSON 4: FINANCIAL INCENTIVE**

Background: Business English podcast 4 : Financial Incentive. Here we listen to a business English podcast about a conversation between two managers. One manager is asking for advice on motivating his workers to be more productive. Listen, Learn excellent business phrases and vocabulary and let us know what you think and how we can improve this!

Conversation

A: I've been noticing that my employee output has been getting lower lately. What do you do when that happens?

B: First you have to assess the situation and come up with some reasons why the output might be low.

A: I have no idea why. I'm nice to everyone and I pay them all quite a high salary.

B: What about bonuses or anything commission based? What sort of financial incentives do you give them?

A: They all have a good medical plan and I give them all a Christmas bonus.

B: That's great but it seems like the workers get the same amount of money regardless of what they do? From their perspective, what is the motivation to work hard?

A: Well, I do my best to verbally encourage them with a job well done. Commission seems like a good idea but it would be hard to do in



our industry.

B: Maybe think about employee stock options or profit sharing. Give them ownership in the company. Make them feel that they will be rewarded for their efforts.

Key vocabulary and phrases that are discussed in the podcast:

Employee output: The amount of actual useful work done by each employee. Sometimes this is difficult to measure. For example, it is hard to measure the amount of actual work done by someone in HR. It can be quite easy with some jobs such as an employee who makes socks in a factory. The number of socks they make is their employee output.

Come up with some reasons: “Come up with” is a phrase meaning, “think of”

Commission based: Commission based pay is related to how much work you get done. Sales people often get paid by commission. If you get paid by commission you will get paid based on the amount of money of the goods you sold. Paying by commission gives more incentive to work hard.

Financial incentives: Incentive is a reason to do something. Financial incentives mean offering money to someone because you hope that they will do a better job because of the money. Bosses often like to give financial incentives to employees to keep them sharp and working hard.

Medical plan: Many jobs offer their employees a medical plan. Some plans are better than others, but they are all some kind of insurance for the employees in case they get sick or hurt.



Christmas bonus: Extra money given to employees at Christmas time. Sometimes all employees get the same bonus, other times the size of the bonus is a percentage of their salary. It's also common that the size of the Christmas bonus depends on how well the employee worked during the previous year.

From their perspective: "From their perspective" is the same as, "from their point of view". It means if you were those people, how would you view the situation? Often a boss will see things differently than his employees. They must try to imagine that they were an employee in the same situation in order to see things from their perspective.

Motivation: A feeling of drive to do something. If you are motivated to do something, you believe there is a good reason to do it. It makes doing anything you don't like much easier because you feel motivated to do it. If you know that you will earn much more money if you do a better job, it will increase your motivation. Other things can influence motivation as well.

Verbally encourage: Say words to people to make them feel that they are doing a good job and should continue to do a good job.

Employee stock options: The opportunity for employees to buy shares or stocks in the company. Often management wants employees to own part of the company so that the employees feel more motivated to do a good job.

Profit sharing: It means sharing the profit of the company with the employees. If the company does well, the employees make more money. It's another example of a financial incentive.

BUSINESS ENGLISH LESSON 5: LUXURY GOODS

Background: Business English podcast 5 : Here we have a discussion about the Luxury goods market in China. As the Chinese economy has been growing, the demand for brands such as BMW, Gucci, and Armani has increased rapidly. Here we discuss this topic while learning excellent and useful phrases and vocabulary. Also, we can now discuss this podcast on our discussion forum here.

Conversation

China is the 3rd largest market in the world for luxury products. It's growing rapidly as more and more people join the **middle class** and have enough **disposable income** to afford such goods. The **first tier cities** of Shanghai, Beijing, and Guangzhou have seen the most investment of retail luxury goods. Many analysts believe that the **second tier cities** of China should not be neglected by luxury retailers. In addition to the increased wealth in China, changing cultural attitudes are helping drive the demand for luxury products. In past generations it would be embarrassing to spend too much on a particular product. Now, it is seen by many as fashionable to spend freely to display your wealth and success. Young professionals earning \$350 USD per month are often willing to spend more than one month's salary on their cell phone. It's becoming a very image conscious society and people often feel pressure to buy luxury goods to avoid losing face. The increase in **buying on credit** and the **reduction in savings rate** will also help fuel the growth of luxury goods sales.

Key vocabulary and phrases that are discussed in the podcast:

Luxury goods: a good at the highest end of the market in terms of quality and price. BMW, Gucci, and Armani are examples of luxury brands.

Middle class: This basically describes the people who have enough money to live comfortably and spend money on entertainment, but by no means are rich. Having enough money to go on vacations, and buy nice things sometimes is middle class.



Disposable income: There are different definitions for this but here is one. The money that is left after all the necessary expenses have been paid. Eg. House payments, rent, bills, tax, basic food and clothing. Any money that you can use to go on vacation or buy nice but unnecessary things is called disposable income.

First tier cities: The 3 wealthiest cities in China. Shanghai, Beijing, and Guangzhou.

Second tier cities: The next group of wealthy cities. Eg. Chengdu, Ningbo, Dalian.

Changing cultural attitudes: The youngest Chinese generation is much more concerned with material wealth and social status than that of the older generations.

Buying on Credit: Buying things using a loan. Using credit cards or bank loans. This is becoming a lot more common in China.

Reduction in Savings rate: Historically, the savings rate in China has been very high. The youngest generation in China, however, is spending a much higher percentage of their income. They often borrow money from their parents or grandparents.

BUSINESS ENGLISH LESSON 6: STOCK MARKET BUBBLE

Background: Business English podcast 06: Here we discuss the Chinese stock market and what is currently happening. We discuss the idea of a stock market "bubble" and some useful terms that you would certainly need when talking about stock markets and investing.

Reading Passage

The mainland market was up 130% in 2006 and is still continuing its bull run. A lot of analysts are saying it's a **bubble**. They claim that the current run doesn't reflect **true fundamentals**. The **P/E ratios** are very high and regular individuals are opening **brokerage accounts** in record numbers, driving the demand for equities. Many think a lot of this behavior is because of limited access to foreign markets, low interest rates, easy access to credit, and a **herd mentality** on the part of **unsophisticated investors**. The government is taking measures to cool the market, such as tightening bank lending for **speculative equity investments**.

Key vocabulary and phrases that are discussed in the podcast:

What is a bubble? –

- An overvaluation of an asset class. This happens when many people bid up the price of an asset based on speculation rather than fundamentals.

True fundamentals –

Buying an investment based on looking at the real value of the asset. Looking at the P/E ratio is one thing fundamental investors look at.

P/E ratio –

Price to Earnings ratio - This is an important measure of whether or not the stock price is overvalued. You take the stock price and divide it by the last year's annual earnings of a



company. A P/E ratio of 20 for example means that the stock price is 20 times more than what the company actually earned in the last 12 months. Lower P/E ratios usually represent a better time to buy.

Why is there a possible bubble?:

Easy access to credit – People can go to banks and borrow money to invest in the stock market. So this means people can invest more money than they have which drives up the price of stocks.

Low interest rates – This makes it difficult for people to earn much money with their savings. They therefore have motivation to look to take their money out of the bank and put it in the stock market where they feel they might get a better return on their investment.

Limited access to foreign markets – There are regulations that deny Chinese people the opportunity to invest their money in some foreign markets. This limits their choice so they are more likely to put their money in the domestic stock market.

Herd mentality – A kind of thinking or behavior when someone does something because everyone else is doing it, instead of using his or her own reasoning. So for example, if you buy stocks just because all your friends do, that is a herd mentality. Because the market has been going up, this causes the herd to blindly follow because they too believe they can make money.

Brokerage accounts – Accounts at financial institutions where investors can buy and sell stocks

Unsophisticated investors – Regular people who are investing but know very little or even nothing about investing.



Speculative Equity investments – Investing in stocks with high risk. Speculative investors have the chance to make or lose a lot of money.

BUSINESS ENGLISH LESSON 7: WEB 2.0.

Background: Business English podcast 07: Here we discuss the idea of "Web 2.0" . We discuss what this is, as well as the new generation of the Internet. Listen, and learn excellent phrases and vocabulary for the workplace and general conversations. Also, we can now discuss this podcast on our discussion forum here.

Reading Passage

After the dot-com crash in the late 90's, many people felt the web was **over hyped** and on the decline. Since then a new **paradigm** has emerged called Web 2.0. Web 2.0 is hard to define clearly but it has a lot to do with **user-generated content** and a focus on the many small websites and individual users who comprise the bulk of the web. Web 2.0 companies focus on user satisfaction and rely on **viral marketing** to promote themselves. Many companies use Web 2.0 as a **marketing buzzword** but if they are paying for advertising to promote themselves they probably aren't a true Web 2.0 company. **Social networking sites** like Facebook are a great example of a Web 2.0 company because they provide a free platform for users to upload pictures and add their friends. Because so many people like it and want their friends to join, a huge portion of the advertising is done through **word of mouth**. The website gets better the more people use it which is another feature of Web 2.0. They earn money from advertising but keep the product free for the users. The product is always in "**beta**" which means its continuously being improved upon.

Key vocabulary and phrases that are discussed in the podcast:

Over hyped – exaggerated. When people think that something is better than it really is. I was disappointed when I saw that movie. I think it was over hyped by a lot of people.

Paradigm – There are a few different definitions but the one for this context is "way of thinking about something". There has been a paradigm shift lately in the way biologists are thinking about DNA.

User-generated content – This is a term that which means when the actual users of a website create a lot of the content for it. Most of the content on Facebook and Myspace is user generated.

Viral marketing – a type of product promotion that relies on a high pass along rate from person to person. The product spreads like a virus. Someone tells their friends about a



product, who in turn tell their friends, and so on. Google is a company who became popular because of viral marketing.

Marketing buzzword – A term you use to call your company or describe a product so that it makes potential buyers seem interested in it. “Low fat” could be a marketing buzzword on a food product. They hope health conscious people will want to buy it because it says “Low fat”.

Social networking websites – websites where users interact and communicate with each other. People go on the website and chat with their friends and make new friends. Facebook and dating sites are examples of social networking websites.

Word of mouth – This is similar to “viral marketing”. “Word of mouth” refers to people telling other people about something. Both good and bad things can spread by word of mouth. Product recommendations can spread by word of mouth. On the other hand, rumours and complaints about something can also spread by word of mouth.

Beta – a term that refers to a non-completed product. Often companies make a beta version of their product, get consumer feedback, and then make a finished product. If a product is always in “beta”, it means that it is never really finished and is always being improved upon.

BUSINESS ENGLISH LESSON 8: INTERNATIONAL TRADE

Background: Business English podcast 08: Here we discuss International Trade and daily conversation.

Reading Passage

A: Let me get the **first round**.

B: Don't worry about it, tonight's **on me**. I'm sure you've had enough trouble with your exporting business.

A: Thanks **man**. I appreciate it. It's been pretty tough with the increased labor costs, the high price of oil, and the new **import tariffs** that many of the importing countries have.

B: What about the higher **currency**? Has that made it less competitive?

A: Actually, we're pretty lucky with that. We import a lot of our **inputs**, which allows us to lower our prices. It **offsets** a lot of our losses from the higher currency.

B: Are you still profiting?

A: A little bit but the **margins** are **razor thin**. The good thing is that it **forces some of the weaker players out of the game**. We've learned to be more efficient and when the situation improves for exporters I think we'll be in **better shape** than ever. A: Let me get the first round.

B: Don't worry about it, tonight's **on me**. I'm sure you've had enough trouble with your exporting business.

A: Thanks **man**. I appreciate it. It's been pretty tough with the increased labor costs, the high price of oil, and the new import tariffs that many of the importing countries have.

Key vocabulary and phrases that are discussed in the podcast:

First round: This refers to the first time buying drinks in a bar. In western culture, if you go to a bar with your friends, you often order one drink for each person. This is called a “round”. When everyone finishes their first drink, someone might offer to pay for the “second round”. People often take turns paying for rounds.

On me: If someone says this is “on me”, it means that the person will pay for it. Don’t worry, dinner is on me tonight. That means, “I will pay for the dinner tonight”.

Man: Sometimes male friends call each other “man” when they are talking to each other in a casual situation. “thanks man” or “How’s it going man” are common things to hear between male friends. Girls usually don’t use this term to address their male friends.

Import tariffs: This is a type of tax that is paid when a product is imported. Countries use import tariffs to make their own local products more competitive. This is a hotly debated topic. Many people disagree with any import tariffs and would only like to see pure competition.

Currency: A word that means “the type of money”. What kind of currency is your bank account in? My bank account is in Canadian dollars.
Excuse me, which kinds of currency will you accept?
We accept all the major currencies.

Inputs: The materials that are used to make a finished product. For example, If you were making Coca cola, two of the inputs would be sugar and water. Sometimes labor costs and any other thing that is paid for such as electricity are referred to as inputs.

Offsets: Something that counteracts against or balances something else. I lost money in the stock market, but the price of my house increased which helped to offset some of that loss.

Margins: This is referring to profit margin. This is the difference between the selling price and the cost of making something. If it costs you \$2.00 to make something and you sell it for \$2.01, that is a very thin margin. If you make something for \$1.00 and sell it for \$25.00, that is a huge profit margin.

Razor thin: Razor thin is a way to describe something that is extremely thin. “As thin as a razorblade”.

Forces some of the weaker players out of the game: The different competitors are often referred to as **players** in the marketplace. The competition is sometimes referred to as the “game”. Ford and General Motors are two huge players in the Auto industry.

Better shape: A better position or a better situation. If we can cut our costs, I think we’ll be in pretty good shape next year.

BUSINESS ENGLISH LESSON 9: FINANCIAL CRISIS

Background: Business English podcast 09: Here we discuss a very interesting historical financial crisis that involved a flower called a tulip.

Reading Passage

Could you imagine **tulips** selling for almost \$80 000 each? In Holland in the 1630's, tulips were a **status symbol** for the rich. Originally, only **connoisseurs** purchased the **bulbs**, but eventually **speculators** and ordinary citizens caught on to the rapidly increasing commodity price and quickly **followed suit**. At one point the price of the bulbs went up **twenty-fold** in less than a month. **Common sense flew out the window** and people were selling their homes, land, and using their life savings just to purchase a bulb or two. Eventually the supply of tulips rose and down came the price. The tulip market crashed and it took decades for the economy to recover. A: Let me get the **first round**.

Key vocabulary and phrases that are discussed in the podcast:

Tulips: A type of flower.

Status Symbol: Something that shows that you are rich or part of the upper class. Some examples of status symbols are having a really nice car or being a member of an exclusive golf course.

Connoisseurs: A person who has a lot of knowledge in a particular area and can appreciate and recognize high quality. You can be a connoisseur of modern art, or a connoisseur of fine wine for example.

Bulbs: The part of the tulip that you plant in the ground. It looks a bit like a ball.

Speculator: A person who buys something at a low price and hopes it will rise in value so they can sell it later. Some people speculate on certain stocks, some people speculate in the real estate market.

Followed suit: This term means to do the same thing that someone else just did. She was the first person to take her shoes off at the door and it seemed like everyone else just followed suit. This means that everyone else also took off their shoes.

Twenty-fold: This means twenty times. You can use this with any number. 5 fold, 10 fold for example. If you bought a stock for 8 dollars and a year later it was 40 dollars, it means that it went up 5 fold.



Common sense flew out the window: If something “flies out the window” it means it went away completely and very quickly. This means that all of a sudden, people were no longer using any common sense.

BUSINESS ENGLISH LESSON 10: AIRLINE INDUSTRY

Background: Business English podcast 010: Here we discuss the airline industry. We talk about how it is a very risky investment for a number of reasons. What are your thoughts on this industry? Tell us what you think on the discussion forum here.

Reading Passage

The airline industry is **notorious** for being a risky bet for investors. The strong **labor unions** keep the wages up, and the intense competition amongst **carriers** can lead to **price wars**. **Terrorism** and global economic slowdowns are **demand side factors** which are difficult to predict and out of the airline's control. The high price of jet fuel is also another nightmare for airlines. In tough times, it's not at all uncommon for major airlines to have to file for **chapter 11** and seek a government **bail out**.

Key vocabulary and phrases that are discussed in the podcast:

Notorious: Known for something unfavorable. He is a notorious murderer. She's notorious for being late for everything.

Labor unions: An organization who fights for workers rights, salaries, and benefits. If the labor union and the company don't reach an agreement, the workers will go on strike starting Monday. (Going on strike means to stop working because you don't agree with something. You will start to work again once the agreement has been reached).

Carriers: This is just another name for an airline company.

Price wars: This is when companies compete with each other about price. One company makes a price, then the other company makes a lower price, then the first company makes a lower price again. This keeps happening and the prices go lower and lower. Its really hard for companies to make a profit if this happens.

Terrorism: The use of violence and threats to scare or cause harm, especially for political purposes. The September 11 2001 airplane attacks on the twin towers in New York City is an example of terrorism.

Demand side factors: These are factors that affect the demand for a product. Terrorism causes the demand for airplane travel to go down because many people are afraid to fly. The aging population in the Western world will cause the demand for healthcare to increase because older people need medical treatment more often than younger people.



Chapter 11: This is a particular type of bankruptcy in the USA. Major companies in certain situations often file for chapter 11.

Bail out: A financial rescue. A company or a person has no money and someone else has to give them money to help them. My dad got really angry when I spent way too much money on my credit card and he had to bail me out. The government is often forced to bail out big companies that are crucial to the economy.