



While attention is focused on Greece, China is having a serious market meltdown

Vocabulary

- **Exploding:** Increase rapidly and in an uncontrolled manner.
- **Deregulation:** The act of freeing from regulation (especially from governmental regulations).
- **Benchmark:** A standard by which something can be measured or judged.
- **Collapsed:** Break down, literally or metaphorically.
- **Pool:** A group of individuals or companies formed to transact some specific business or to promote a common interest.
- **Plunged:** Drop steeply.

Vocabulary

- **Insistence:** Continual and persistent demands.
- **Curb:** Hold or keep within limits.
- **Volatility:** Being easily excited.
- **Plaguing:** Annoy continually.
- **Tactics:** A plan for attaining a particular goal.
- **Pledged:** Bound by or as if by an oath.
- **Resort:** Have recourse to.
- **Prop up:** Support by placing against something solid or rigid.

- After exploding earlier in the year because of deregulation, China's benchmark Shanghai Composite has collapsed a crazy 29% since the highs of early June. China's other stock markets have had similarly steep falls.
- The crisis is closely mirroring the 1929 Wall Street crash, which led to the Great Depression in the US in the 1930s.



- China's government is now also using the same tactics as Wall Street did back then to try to prop up the markets.
- Over the weekend China's top stock brokerages pledged that they would collectively buy at least 120 billion yuan (£12.3 billion, \$19.3 billion) of shares to help steady the market, with backing from the People's Bank of China.
- The central bank is effectively becoming the buyer of last resort, printing money to buy up shares and prop up prices.

- In 1929, Wall Street's banks did something similar. JPMorgan and several other top financial firms agreed to pool resources and buy up shares to put a floor under prices. It happened after a drop of about 30% for the Dow Jones Industrial Average.
- The effort by the US banking systems had only the briefest of effects on the index, and America was eventually plunged into the Great Depression.
- It's too early to tell whether China's latest move will work, despite the insistence of state media. So far it has failed to curb the huge volatility that has been plaguing China's stock markets recently. The Shanghai Composite opened up over 7% and eventually slipped back into the red before ending the day up 2.4%.

Conversation

- Do you know about the crisis in Greece?
- Who do you think is has the strongest economy in the world.
- Are you aware of 'The great depression'.
- Give your views on 'Stock market'.