



ΠΑΝΕΠΙΣΤΗΜΙΟ ΑΙΓΑΙΟΥ

English I

Course Unit 3: Reading and Grammar 2

Eftihia Landrou

School of Sciences

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Reading 2: Markets

1. In economics, the word *market* does not have to be a specific place. It means any area where buyers and sellers meet to **set** prices for goods (or services). It can be the grocery store, or a **nationwide** or worldwide market.
2. Some markets are very simple, while others are complex. At the grocery store, for example, a shopper sees a price on a kilo of ham. This is the shopkeeper's "offer" to sell. The shopper might accept this price (and buy the ham), or not. If no one buys the ham at that price, the shopkeeper could decrease the price or stop selling ham. But if many shoppers want the ham in that price, the shopkeeper may increase the price.
3. Large and complex markets such as the **stock market** work in basically the same way as small markets. The major difference is that more people, both buyers and sellers, may **be involved**. But in all cases buyers want to buy at the lowest possible price, while sellers want to sell in the highest possible price.
4. In a stock market, buyers want to buy **shares** of a **company**. Buying shares gives them part of the **ownership** of a company and part of the company's **profits**. Of course, buyers buy when they expect that the **value** of the shares will increase. Sellers, on the other hand, are people who already have shares but want to sell them. They may want the money for another use, or may be unsure about the future of the company.
5. If many sellers begin to sell, it makes other people believe that the price of the shares will drop. Then more people might become afraid that they will lose money (if the share price drops) and they sell their shares, too. This creates a situation with many sellers and few buyers, which, if continues, can cause a **crash**. A famous crash took place in the New York Stock Exchange (Wall Street) in 1929, when a lot of people lost a lot of money and, more recently, in 1987.

Adapted from: Joan Stefan, *English for Students of Economics: General Economics*, τυπωθήτω – George Dardanos, Athens: 2002.

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Context clues

1. Try to guess the meaning of the following words and phrases from the words and sentences around them.

- 1. area (par. 1)
- 2. complex (par. 2 and 3)
- 3. decrease (the price) (par. 2)
- 4. increase (the price) (par. 2)
- 5. major (difference) (par. 3)
- 6. drop (par. 5)
- 7. took place (par. 5)

Vocabulary

2. Use a dictionary or the text to find the meanings of the following words and then match them with the explanations a-j (all words appear in the text in *bold*).

- | | |
|---------------------------------|--|
| 1. to set (a price, etc.) | a. be part of something, be included |
| 2. nationwide | b. a market for buying and selling shares |
| 3. company | c. to fix, to decide on something and not change it |
| 4. shares | d. a sudden and serious fall in the value of something, for example, of shares |
| 5. stock market | e. including all parts of a country |
| 6. be involved | f. for how much money you could sell something; how useful or how important something is |
| 7. ownership | g. money that you get from selling goods for more than you bought them |
| 8. profits | |
| 9. value | |
| 10. crash | |

- h. one of the units that the ownership of a company is divided into, which people can buy in a stock market
- i. an organization that sells goods or services
- j. when you have something

Comprehension

3. Answer True (T) or False (F) to these statements about the text. Try to say why, if you answer False.

1. When we want to buy something from a grocery store, then this is an example of a market.
2. There are simple and complex markets.
3. If many people want to buy a product, then its price may go up.
4. Large and small markets are very different.
5. There are more buyers in a large market than in a small market.
6. The stock market is an example of a simple market.
7. Someone who owns shares owns a part of a company.
8. In the stock market, a crash happens when there are more buyers than sellers.

4. It is important to understand the main idea of a text, and not every single word or phrase. Look for important ideas, and NOT examples or details.

Choose the answer below that gives the main idea of the paragraphs in the text. Note that more than one answer may be true, but only one is the main idea.

1. The main idea of paragraph 1 is that:
 - a. a grocery store is a market
 - b. any place where buyer and sellers meet is a market
 - c. a place where you buy food is a market
 - d. some grocery stores are nationwide

2. The main idea of paragraph 2 is that:
 - a. The price of a good, such as ham, is set by buyers and sellers
 - b. a shopkeeper can change the price of a good, such as ham
 - c. there may be many or few buyers of a good such as ham
 - d. if many people want a good then its price increases
3. The main idea of paragraph 3 is that:
 - a. large markets have more buyers and sellers
 - b. sellers always want to sell at the highest price
 - c. all markets work basically in the same way
 - d. the stock market is a complex market
4. The main idea of paragraph 4 is that:
 - a. people buy shares to get part of a company's profits
 - b. people buy shares when their value increases
 - c. people sell shares if the company is not doing well
 - d. people buy and sell shares for different reasons
5. The main idea of paragraph 5 is that:
 - a. there was a crash on Wall Street in 1929
 - b. there was a crash on Wall Street in 1987
 - c. many sellers and few buyers can create a crash
 - d. people lose money in a stock market crash

Answers to the exercises

Exercise 1

1. place
2. complicated, difficult to understand, the opposite of simple
3. make (the price) lower, make sth cheaper
4. make (the price) higher, make sth more expensive
5. important (difference)
6. fall, become lower
7. happened

Exercise 2

1. c
2. e
3. i
4. h
5. b
6. a
7. j
8. g
9. f
10. d

Exercise 3

1. False: a grocery store is an example of a market. Wanting to buy something might be an example of demand, but not a market.
2. True (par. 2: "Some markets are very simple, while others are complex.")
3. True (par. 2: "if many shoppers want the ham in that price, the shopkeeper may increase the price.")
4. False: According to paragraph 3, large and small markets work basically in the same way.
5. True (par. 3: "more people, both buyers and sellers, may **be involved**.")
6. False: according to paragraph 3, a stock market is a complex market ("Large and complex markets such as the **stock market**")
7. True (par. 4: "Buying shares gives them part of the **ownership** of a company")
8. False: according to paragraph 5, the *opposite* is true (a crash happens when there are few buyers and more sellers.)

Exercise 4

1. b (The paragraph's main idea is to describe what a market is). (a) and (c) are examples of markets. (d) is false. The text says that some *markets*, not grocery stores, are nationwide.

2. a (the paragraph describes two cases, where both the number of buyers and the decision of the seller define the price of a product). (b) is a detail. A shopkeeper's decision to change the price depends on the number of buyers, too. (c) is not the main idea, because it doesn't show the result of this fact, which is the important part of the paragraph. (d) is a detail. There is also the case where few people want to buy a good.
3. c (the paragraph's main idea is to show that large and small markets have more similarities than differences. Very often the main idea of a paragraph is in its first line). (a) and (b) are details. (d) is an example (the paragraph does not describe the complexity of the stock market).
4. d (the paragraph describes both buyers and sellers in the stock market, and why they buy or sell). (a), (b) and (c) are details.
5. c (the paragraph describes the result of few buyers and a lot of sellers). (a) and (b) are both examples of famous crashes. (d) is a detail. The main focus of the paragraph is *why* and *when* a crash happens.