

## Unit 11

### Making Investment Rationally

#### 理性投资

#### Comprehension questions:

1. How big is NYSE in its market capitalization?
2. Who are specialists?
3. What will happen if companies fail to meet listing requirement of NYSE?
4. What are the technological changes made in NYSE?

#### Part A Exercises

- 1) **Directions:** *Listen to the news carefully and match the items in column A with the items in column B according to what you've heard.*

#### Column A

1. share merger reform
2. HedgeBay
3. Singapore's central bank
4. BenQ
5. Long Star

#### Column B

- a. impose penalty
- b. profit lowered
- c. sell its stake
- d. would be extended
- e. grow rapidly

- 2) **Directions:** *Listen to the news carefully and complete the following passage by filling in the words you've heard.*

- (1) Five State departments announced \_\_\_\_\_ pushing the reform process \_\_\_\_\_ since the pilot projects on share mergers had proved successful and were well received by the markets.
- (2) HedgeBay is a \_\_\_\_\_ where serious investors take part in an online auction, finding and selling rare and coveted hedge funds that are \_\_\_\_\_ to new investors.
- (3) Singapore's central bank has imposed a \_\_\_\_\_ civil penalty on the Beijing-controlled \_\_\_\_\_ of China Aviation Oil for insider trading during the city state's worst financial scandal in a decade.
- (4) BenQ, the Taiwanese \_\_\_\_\_ electronics maker that acquired Siemens' mobile unit in June reported sharply lower net profit in the first half of this year as competition hit sales in its key product lines.
- (5) Long Star, the US \_\_\_\_\_ equity group, is believed to have \_\_\_\_\_ Citigroup to sell its controlling stake in Korea Exchange Bank.

## Part B Exercises

- 1) **Directions:** *Listen to the interview and fill in the following table to make a summary of the talk.*

Is it too late to invest in commodities?	
How long will the current boom last?	
How do swings in the dollar affect commodity prices?	
What do you look for in the stocks you invest in?	
Given those factors, what stocks do you recommend?	
What mining companies do you like?	

- 2) **Directions:** *Listen to the interview again and answer the following questions.*

- (1) How is the performance of commodities mutual funds comparing to the average market?
- (2) What are the factors to make investors profit from natural sources?
- (3) Why is it not too late to invest in commodities?
- (4) Why does Holmes expect all commodity prices to move back up in the second half of 2005?

## Part C Exercises

- 1) **Directions:** *Based on what you have heard, write "T"(true) or "F"(false) for each of the following statements.*

- (1) (        ) Carly Fiorina used to be a prominent woman in American technology.
- (2) (        ) Carol Bartz has been CEO of Autodesk for 30 years.
- (3) (        ) AutoDesk produces software for designing and manufacturing.
- (4) (        ) AutoDesk has won the last nine Academy Awards for special effects.
- (5) (        ) Girls are decided for liberal arts when they are only in fifth grade.

**2) Directions:** *Listen to the news coverage and complete the following table with figures.*

How do you explain your longevity as CEO?	
Where are your customers coming from these days?	
Are you worried about U.S. competitiveness, esp. because of declining interest in math and engineering?	
Is that because of sexism in fifth grade?	
Do you think outsourcing hurts the U.S. economy?	
You recently went to India. Any impressions?	
Why is there still so much pessimism about tech?	

### 👤 👤 Acting out

1. Group work: Students should form into groups and prepare for a presentation on the advantages and disadvantages of different investment tools.

2. Research work: Students will do a research on: 1) the basic listing requirements in NYSE 2) the major differences between NYSE and NASDAQ and report to the whole class.

### Key to Exercises

#### Part A

1)  
1-d            2-e            3-a            4-b            5-c

2)  
1. guides, ahead  
2. website, closed  
3. 4.8m, parent  
4. diversified  
5. private, appointed

#### Part B

Is it too late to invest in commodities?	No.
How long will the current boom last?	It will last until 2010 or 2012.
How do swings in the dollar affect commodity prices?	Commodities are priced in U.S. dollars, so when the dollar fall, it makes commodities cheaper for countries whose currency isn't tied to the dollar. The result, of course, is that demand increases in those places, and that makes commodity prices go up.
What do you look for in the stocks you invest in?	Growth in a company's reserves, growing production, growth in cash flow, management with financial expertise and no debt.
Given those factors, what stocks do you recommend?	Fording Coal Penn West
What mining companies do you like?	Northern Orion Goldcorp

(1) How is the performance of commodities mutual funds comparing to the average market?

While the S&P 500 has barely been moving---the stocks in the index have gained a

negligible 1.5% in the past 12 months---the average commodities mutual fund has gushed a 38% return.

(2) What are the factors to make investors profit from natural sources?

Continued growth in China and India---plus a tepid dollar---is creating a long-term opportunity for investors to keep profiting from natural resources.

(3) Why is it not too late to invest in commodities?

Because there have been no major discoveries of copper, gold, oil, or gas, supply is limited and investors should not worry about commodity prices falling much further.

(4) Why does Holmes expect all commodity prices to move back up in the second half of 2005?

Although we've just passed the peak in growth of Chinese demand---commodities consumption was rising at 20% a year---it's still growing at 12% and will continue to increase at double-digit rate until the end of the decade. In China you have a government that is building infrastructure, which uses commodities. And you have an emerging middle class, which wants to buy products that are made from commodities.

### Part C

1)

1. T   2. F   3. T   4. F   5. T

2)

How do you explain your longevity as CEO?	I change with the economy and technology. The board is patient.
Where are your customers coming from these days?	35% from manufacturing 30% from building and construction 20% from infrastructure 15% from media
Are you worried about U.S. competitiveness, esp. because of declining interest in math and engineering?	Yes.
Is that because of sexism in fifth grade?	Yes.
Do you think outsourcing hurts	No.

the U.S. economy?	
You recently went to India. Any impressions?	Very impressed.
Why is there still so much pessimism about tech?	They are wrong.