

GRADUATE SCHOOL OF BUSINESS AND ENTREPRENEURSHIP



English in business communication skills:

Lesson 6

Indicators

Lecturer: N.A.Mukhitdinova

Content:

1. Finance and economics;
2. Inflation and unemployment;
3. Trade;
4. Growth and GDP;
5. Going up and going down;
6. Peaks and troughs;
7. Boom and boost;
8. Vinyl records outsell CDs for first time since 1987 (16th March 2023)



Finance is:

- money provided or lent for a particular purpose.
- the management of money by countries, organizations or people.
- the study of money management.

A company with money problems has **financial problems**.



High finance involves very large amounts of money used by governments and large companies. A person's or organization's **finances** are the money they have and how it is managed, etc. The related adjective is **financial**.

Economics is:

- the study of the way in which money works and how it is used.
- calculations of whether a particular business activity will be profitable or not. A profitable activity is **economic** and an unprofitable one is **uneconomic**.

A government with money problems has **economic problems**.

Do not confuse 'economic' with **economical**. If something is economical, it is cheap to buy, to use or to do. If not, it is **uneconomical**.

Economic indicators are figures relating to how well a country's **economy** – system of money, production, etc. – is working.



Finance and Economics are related disciplines that often overlap; however, the differences between them are significant. They shouldn't be seen as separate, though. Both work together and complete each other. With that being said...

Economics is the broader discipline, which deals with the different ways in which goods and services are created, distributed, and sold. Economics also analyses regional and global economies or markets and looks at the behaviour of people

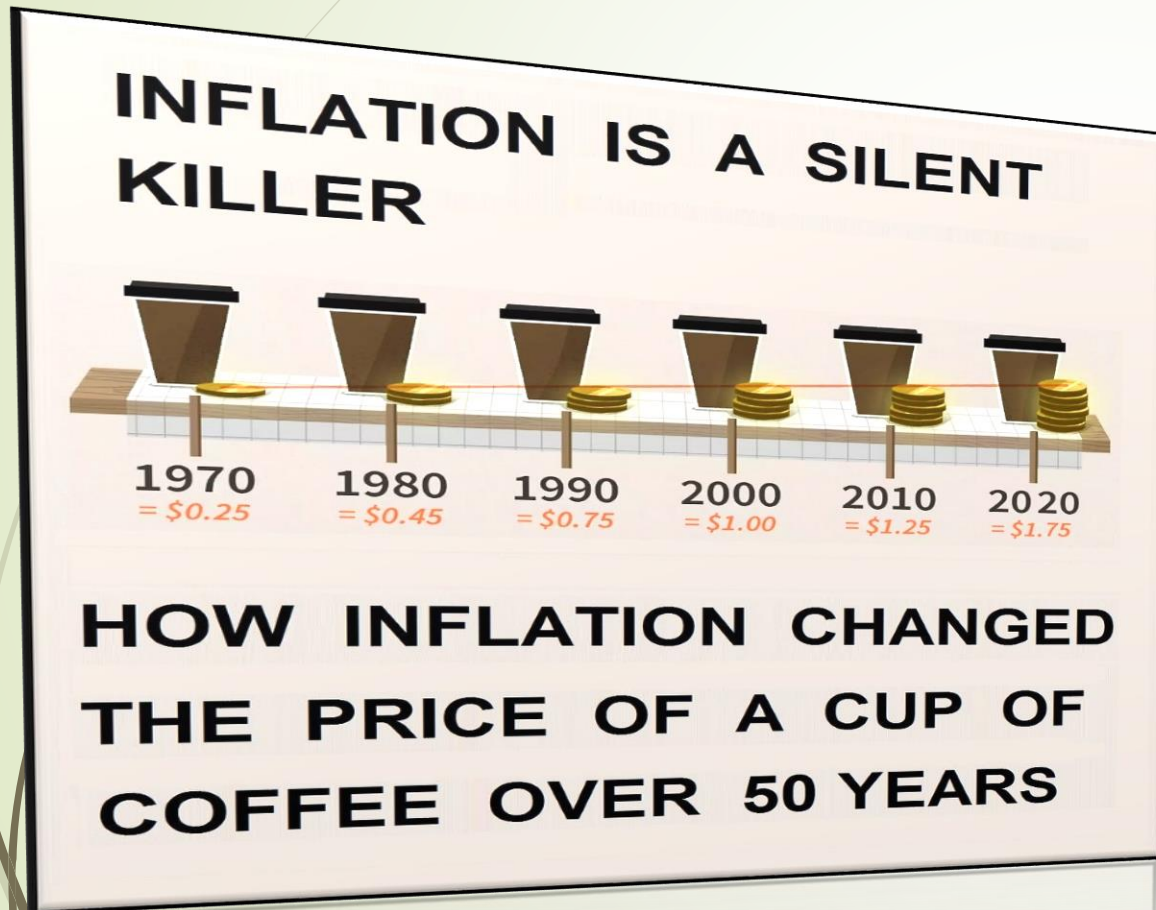
(e.g. what they buy, why they buy, where they buy from).

Finance is more specific and mainly deals with financial systems. Finance looks at banking institutions and policies, credits, investments, savings, and so on. It also studies the creation and management of money.



Inflation is rising prices, and the rate at which they are rising is the **inflation rate**.

The related adjective is **inflationary**.



The **unemployed** are people without jobs in a particular area, country, etc.

The level of **unemployment** is the number of people without a job.

Unemployed people are **out of work**, and are also referred to as **jobless**

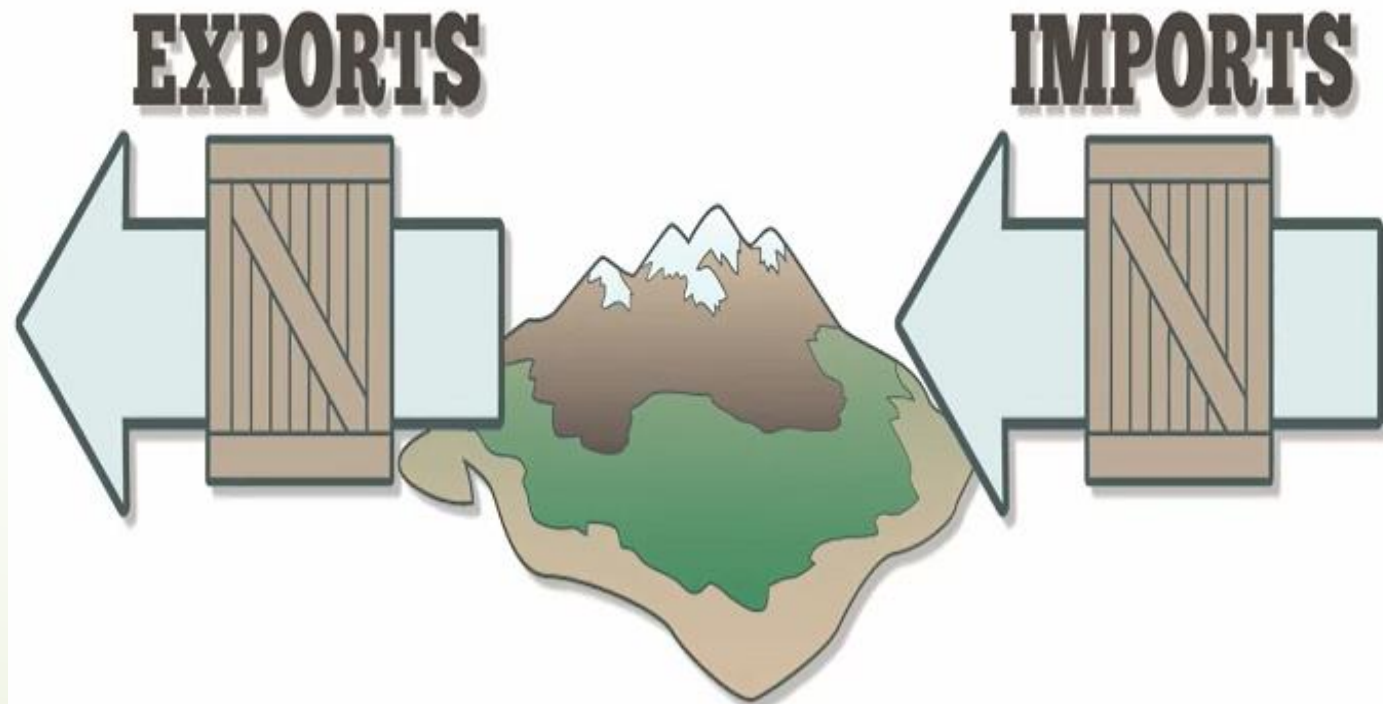
(adjective) or **the jobless**, especially by journalists. When there are not enough

people available to work, there are

labor shortages.

Trade

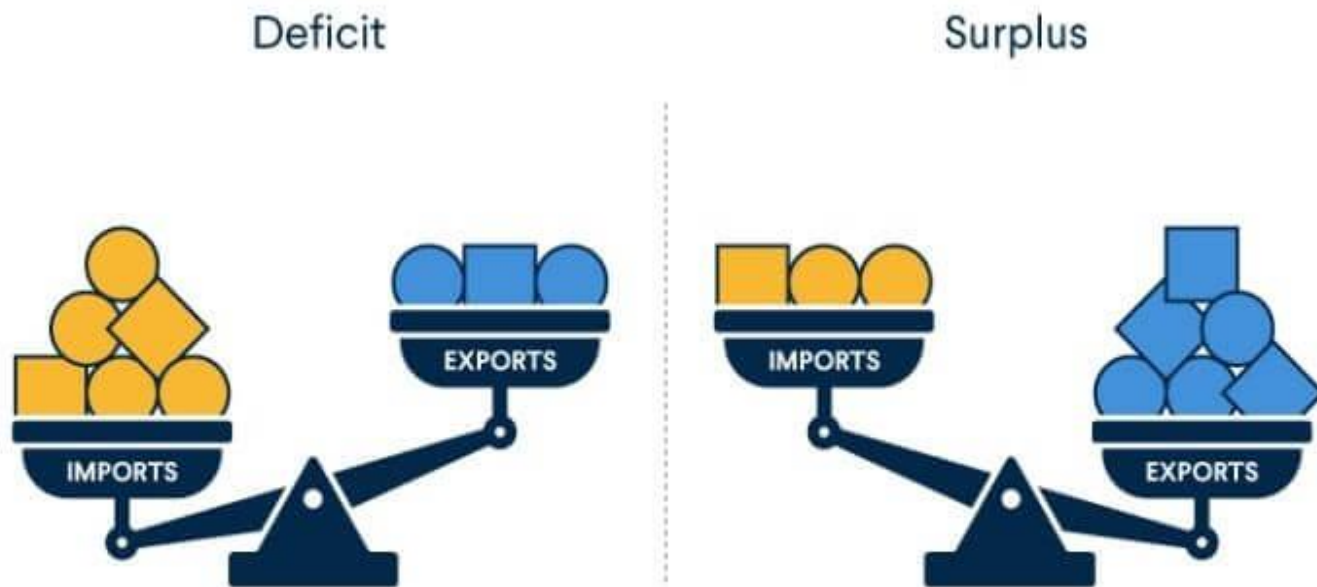
The **balance of payments** is the difference between the money coming into and going out of a country. The **trade balance** is the difference between payments for **imports** – goods and services from abroad – and payments for **exports** – products and services sold abroad. When a country exports more than it imports, it has a **trade surplus**. When the opposite is the case, it has a **trade deficit**. The amount of this surplus or deficit is the **trade gap**. If the trade gap gets bigger, it **widens**; if it gets smaller, it **narrows**.



Is a trade deficit better than a trade surplus or trade surplus better than a trade deficit?

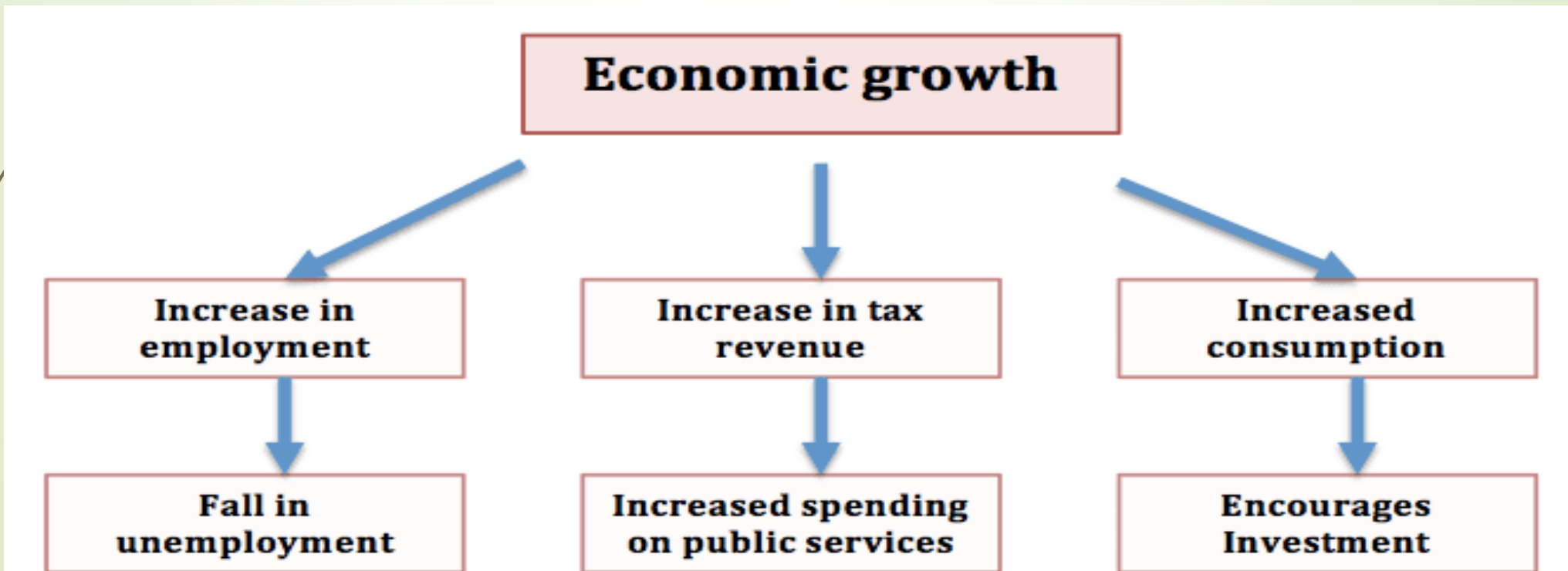
Traditionally, a trade surplus is seen as more desirable for economic growth. However, there is no definitive answer to this question since every country is so different. For example, China and Japan are both net exporters with incredibly different growth rates.

China's GDP is rapidly growing while Japan's GDP is stagnating. It's not as simple as having a positive or negative trade balance to grow an economy, but it's still important to know the differences between a trade deficit and surplus and what their potential impacts are.



What Is Economic Growth?

Economic growth is an increase in the production of economic goods and services in one period of time compared with a previous period. It can be measured in nominal or real (adjusted to remove inflation) terms. Traditionally, aggregate economic growth is measured in terms of gross national product (GNP) or gross domestic product (GDP), although alternative metrics are sometimes used.



Growth and GDP

Economic output is the total monetary or market value of all the finished goods and services produced within a country's borders in a specific time period. As a broad measure of overall domestic production, it functions as a comprehensive scorecard of a given country's economic health..

Gross domestic product or **GDP** is the value of all the goods and services produced in a particular country. **GDP per capita** is the total output of a particular country divided by the number of people living there.

The size of an economy is also sometimes measured in terms of **gross national product** or **GNP**. This also includes payments from abroad, for example from investments.

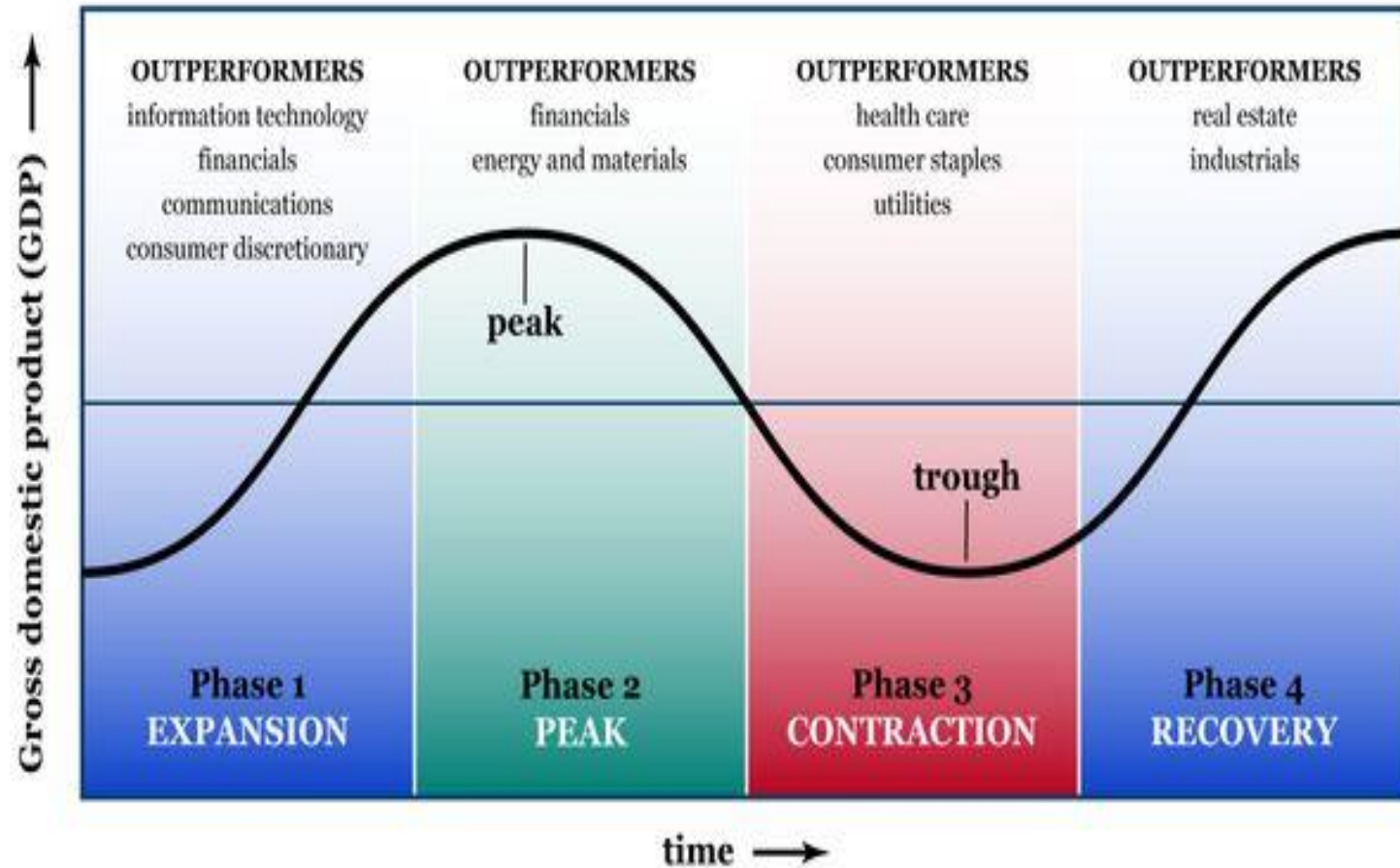


<https://ru.depositphotos.com/vector-images>



<https://www.worldeconomics.com/Indicator-Data/Economic-Size/Revaluation-of-GDP.aspx>

Four phases of an economic cycle



© Encyclopedia Britannica, Inc.

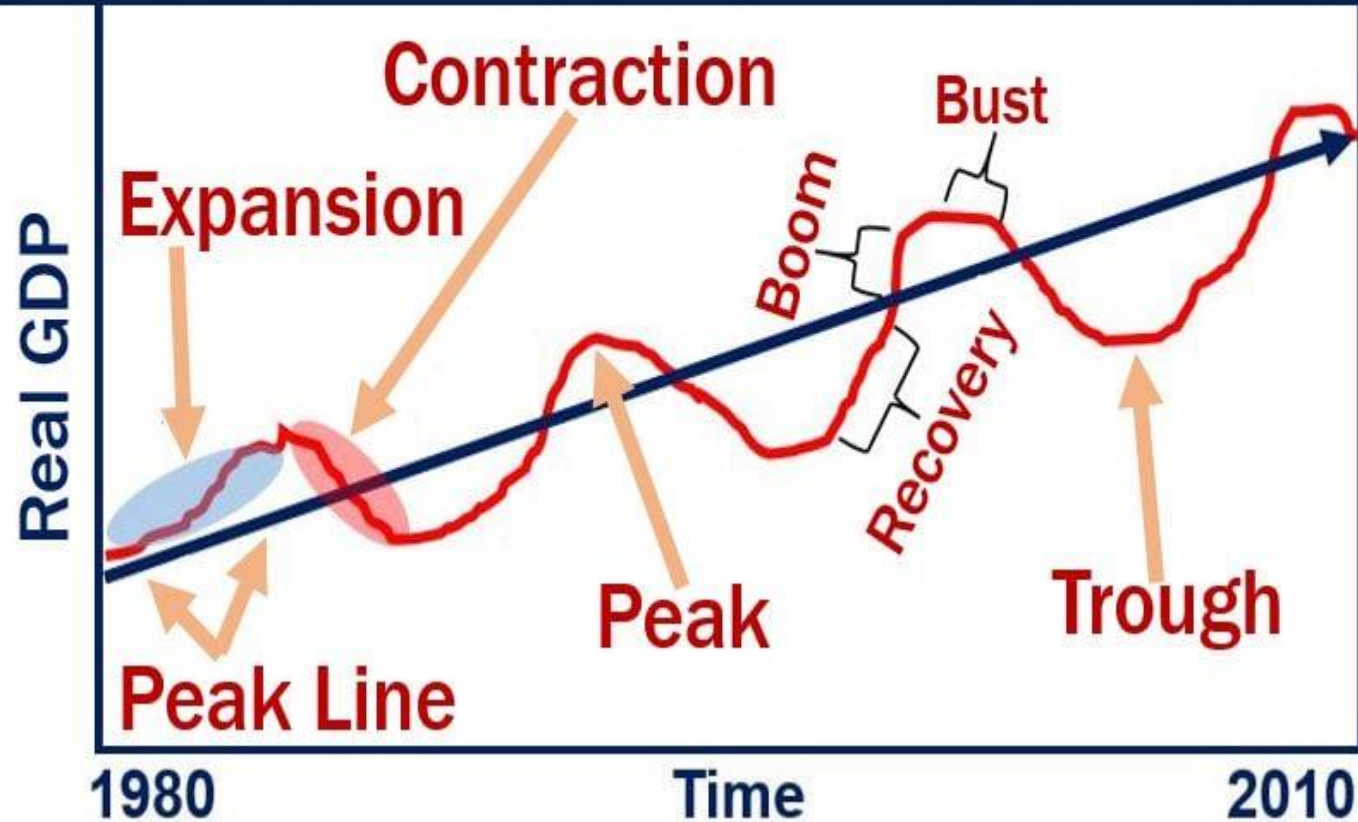
Phases of Economic Growth

The economy moves through different periods of activity. This movement is called the “business cycle.” It consists of four phases:

Expansion – During this phase employment, income, industrial production, and sales all increase, and there is a rising real GDP.

Peak – This is when an economic expansion hits its ceiling. It is in effect a turning point.

Business Cycle



Contraction – During this phase the elements of an expansion all begin to decrease. It becomes a recession when a significant decline in economic activity spreads across the economy.

Trough – This is when an economic contraction hits its nadir. A single business cycle is dated from peak to peak or trough to trough. Such cycles generally are not regular in length, and there can be a period of contraction during an expansion and vice versa.

Going up

Journalists in particular use these verbs to describe amounts or figures that are going up.

1. **BT SHARES ADVANCE IN ACTIVE TRADING**

Shares in BT increased in value, and a lot of them were bought and sold.

2. **TRADE SURPLUS JUMPS TO RECORD LEVEL**

The value of exports over imports is higher than ever.

3. **FUEL PRICES SET TO SKYROCKET**

Prices for fuel are going to rise by a large amount.

4. **UNEMPLOYMENT LEAPS TO TEN-YEAR HIGH**

The number of people without work is now higher than it has been for ten years.

5. **GOOGLE SOARS AS INTERNET GROWTH CONTINUES**

Shares in Google have increased greatly in value due to continued growth in internet use.

6. **VW PROFITS UP AS CAR SALES CONTINUE TO SURGE**

Profits in VW have increased thanks to rapidly rising car sales.

Going down

The verbs here are used to talk about amounts, figures, etc. that are going down.

1. **1,000 JOBS AXED AS DEFENCE PLANT CLOSES**

A defence company has told 1,000 factory employees that they are to lose their jobs.

2. **EUROPEAN CENTRAL BANK CUTS RATE IN SURPRISE MOVE**

The ECB has reduced interest rates when this was not expected.

3. **SIEMENS EASES ON PROFITS WARNING**

Siemen's share price has gone down slightly after they said that profits would be lower than expected.

4. **SEPTEMBER RETAIL SALES PLUMMET**

Sales in shops have fallen a long way in September.

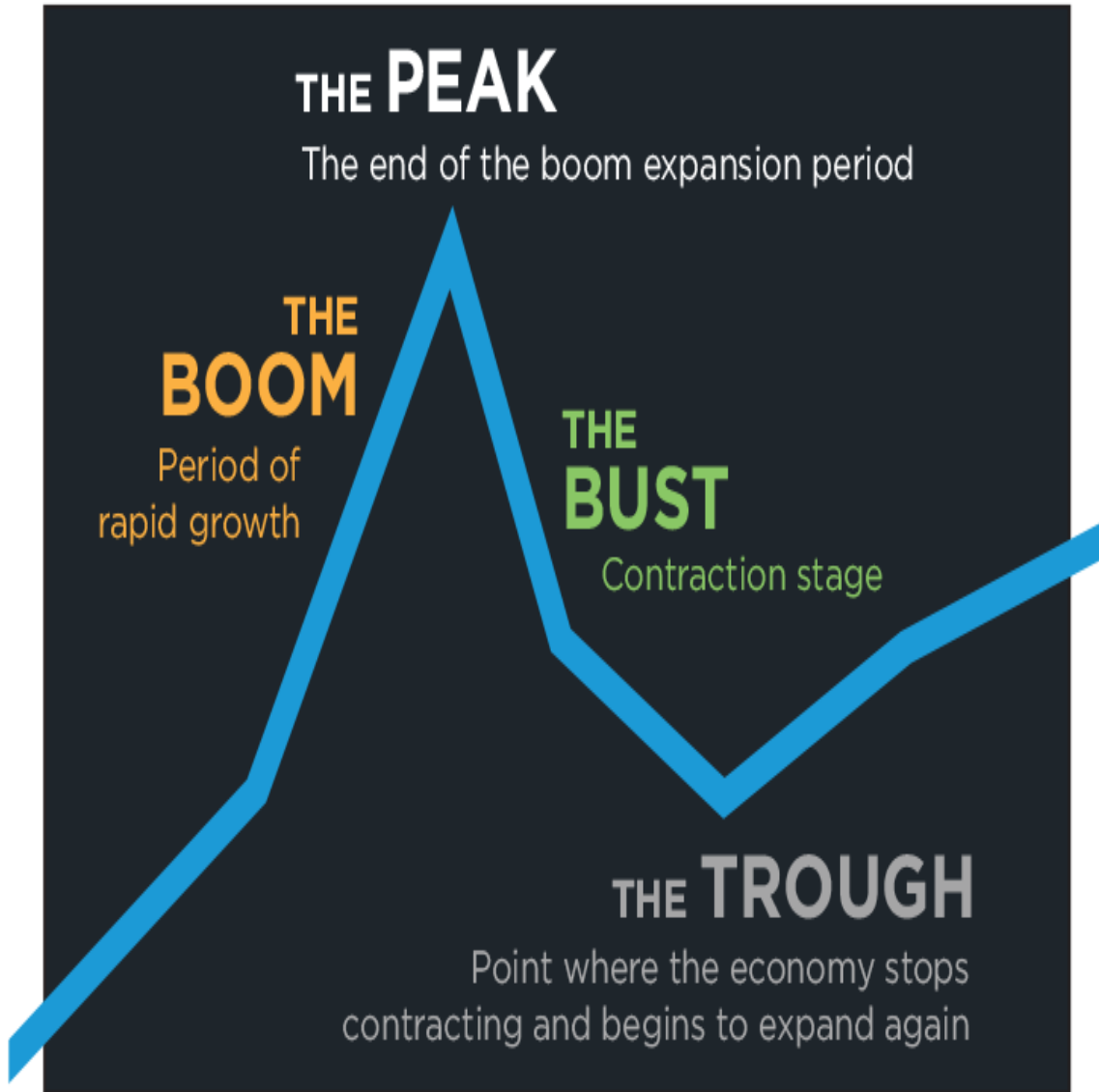
5. **GOVERNMENT SLASHES INCOME TAX TO TEN PER CENT**

The government has reduced income tax by a large amount to 10 per cent.

6. **EURO DIVES TO NEW LOWS**

The euro is worth less in relation to other currencies than it has ever been.

There are four phases to a single Boom and Bust cycle:



Boom and bust

Demand is the amount of goods and services that people want in a particular period. A **boom** is when there is rising demand, fast economic growth, falling unemployment, etc.

Stagnation is when the economy is growing slowly, or not at all. **Stagflation** is when there is slow growth, but prices are increasing fast.

A **recession** is a period when there is **negative growth** – a period when the economy is getting smaller because it is producing less. A **slump** is a very bad recession. A **depression** is a very bad slump. **Boom and bust** is a period of growth and rising company profits followed by one with falling growth and losses.

Vinyl records outsell CDs for first time since 1987 (16th March 2023)

When music CDs came out over 30 years ago, everyone thought that would mean the end of vinyl records. After MP3s and streaming came along, people thought records would die. This was not the case. Vinyl records have been making a comeback. Many younger people are getting very interested in the seven-inch and 12-inch discs. So much so that in 2022, vinyl record sales were greater than CD sales for the first time since 1987. In 2022, just over 41 million vinyl records were sold in the US. This compares to 33 million CDs. Records have been increasing in popularity for quite some time. The year 2022 was the 16th consecutive year of growth for record sales. Records now account for 71 per cent of non-digital music.

<https://www.fox5ny.com/news/vinyl-outsells-cds-for-the-first-time-since-1987>



The CEO of the Recording Industry Association of America, Mitch Glazier, said there has been a "remarkable" rise in record sales. He said: "Vinyl is cementing its role as a fixture of the modern music marketplace." He added: "Music lovers can't get enough of the high-quality sound and real connection to artists that vinyl delivers....Record labels have met that demand with a steady stream of exclusives, special re-issues, and beautifully crafted packages and discs."



<https://www.riaa.com/>



Many people say the covid pandemic has helped records make a comeback. A record label boss said: "Lots of folks were stuck at home working in the pandemic....They invested in turntables and hi-f....I think that's still carrying on today."



Reference

1. **Business vocabulary in use, bill Mascull, Cambridge university press, 2017. (pp.84-87)**
2. **<https://www.investopedia.com>**
3. **<https://www.accountingtools.com>**
4. **<https://www.managementstudyguide.com/banking-articles.htm>**
5. **<https://breakingnewsenglish.com>**



Thank you for attention!