

Financial Readings

金融英语阅读

吴梦迪 林子钦 编著

南开大学出版社

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前 言

金融是市场经济的血液，发达的市场经济需要先进的金融体系。中国经济要持续稳健的发展需要更成熟的金融服务，这包括成熟的金融市场、金融产品等的支持。随着中国国内资本市场的完全开放，金融行业的对外合作与交流日益密切起来。在这样的背景下，掌握金融专业的英语知识就显得尤为重要。

本教材为已完成大学基础英语阶段的学习并且拥有一定金融专业知识的金融专业本科生所编写，建议大学三、四年级的学生使用；其他证券、保险、银行等金融行业的专业人员或有志从事该行业的人员也将从本书中获益；准备考金融英语证书的朋友们也可以从本教材中获得帮助。

本书共 15 章，按照金融基本概念、金融产品、金融机构、金融市场以及有关金融的社会话题的顺序来编排，以呈现内容的递进。

本书每一章阅读内容都含有一篇正文阅读和一篇补充阅读文章。补充阅读部分和正文阅读内容相得益彰，是正文内容的拓展，在知识深度上会稍深一些。每一章都含有生词部分、专业术语部分、金融背景知识的介绍部分和习题部分，其中习题部分中有与金融相关的视频或电影推介，以期读者对相关的专业金融英语知识的把握更加生动和形象。本书的最后是三个重要的附录，分别是生词、专业术语和背景知识。本书在编排上有一些小的设计元素，包括插图、人生箴言，以及每章习题后的一段金融行业小幽默等。这些设计可以让使用本教材的读者感到轻松、有趣。

本书大量内容改编自 *Wikipedia*, *Investopedia*, *Forbes*, *Stocks-simplified*, *Moneyover55*, *Yahoo Finance* 等网站。其中第十章补充阅读《避税天堂的真相》(*The Truth about Tax Havens*)，摘自尼古拉斯·萨斯森 (Nicholas Shaxson) 的《宝藏之地：避税天堂和那些偷盗世界的人》(*Treasure Islands: Tax Havens and the Men Who Stole the World*)；第十一章补充阅读《十年之后：亚洲金融危机的持续影响》(*Ten Years after: The Lasting Impact of the Asian Financial Crisis*) 来

自马克·维斯波特 (Mark Weisbrot) 2007 年的同名文章; 第十三章的补充阅读《美联储对金融混乱的应对》摘自本·伯南克 (Ben S. Bernanke) 2008 年的同名讲话; 第十四章正文《同一市场, 同一货币, 同一价格》(One Market, One Money, One Price), 选自尼吉尔·阿灵顿 (Nigel F. B. Allington) 等人 2005 年的同名文章; 第十五章正文《中国经济五大迷思》(Five Myths about the Chinese Economy) 摘自乔纳森·韦策尔 (Jonathan Woetzel) 2015 年的同名文章等。

本书的全部内容为吴梦迪所编写, 本教材的知识范围、内容难度以及结构设计等方面由吴梦迪和林子钦共同确定。本书在编写过程中得到刘羿、李佳倩、张之琪等很多朋友的热忱帮助, 他们为本书试读并纠错, 在此一并致谢!

忐忑中成书, 恐有不足, 疏漏以及错误之处, 敬请赐教。

吴梦迪

2016 年 8 月

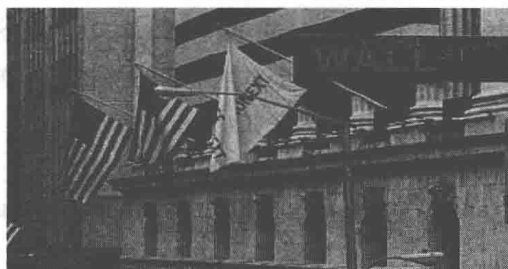
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Chapter One

What is Finance?



Wall Street, the center of American finance

Finance is the science of funds management, of assets allocation and liabilities distribution over time under conditions of certainty and uncertainty. A key point in finance is the time value of money, which states that a unit of currency today is worth more than the same unit of currency tomorrow. Finance aims to price assets based on their risk level, and expected rate of return. Finance can be broken into three different sub-categories: personal finance, corporate finance and public finance.

Personal finance may involve paying for education, financing durable goods such as real estate and cars, buying insurance (e.g. health insurance or property insurance), investing and saving for retirement. Personal finance may also involve paying for a loan, or debt obligations.

The six key areas of personal financial planning, as suggested by the Financial Planning Standards Board, are:

1. Financial position: the personal resources available by examining net worth and household cash flow. Net worth is a person's financial balance, calculated by adding up all assets under that person's control, minus all his or her liabilities. Household cash flow totals up all the expected sources of income within a year, minus all expected expenses within the same year. From this analysis, the financial

planner can determine to what degree and in what time the personal goals can be accomplished.

2. Adequate protection: the analysis of how to protect a household from unforeseen risks. These risks can be divided into liability, property, death, disability, health and long term care. Some of these risks may be self-insurable, while most will require the purchase of an insurance contract. Determining how much insurance to get, at the most cost effective terms requires knowledge of personal insurance. Business owners, professionals, athletes and entertainers require specialized insurance professionals to adequately protect themselves. Since insurance also enjoys some tax benefits, utilizing insurance investment products may be an important part of the overall investment plan.

3. Tax planning: the income tax is typically the largest single expense in a household. Managing taxes is not a question of whether you will pay taxes, but when and how much. Government gives many incentives in the form of tax deductions and credits, which can be used to reduce the lifetime tax burden. Most modern governments use a progressive tax system. Typically, as one's income grows, a higher marginal rate of tax must be paid. Understanding how to take advantage of the myriad tax breaks can make a significant difference.

4. Investment and accumulation goals: how to accumulate enough money for large purchases, and life events is what most people consider to be financial planning. Major ways to accumulate assets include purchasing a house, starting a business, paying for education expenses, and saving for retirement. Achieving these goals requires projecting their cost, and the right time to withdraw funds. A major risk in achieving the accumulation goal (in net present value terms) is the rate of price increases over time, or inflation. Financial advisor often suggests a combination of asset earning and regular savings. In order to overcome the inflation rate, the investment portfolio has to get a higher rate of return, which typically will subject the portfolio to a number of risks. Managing these portfolio risks is most often accomplished using asset allocation, which seeks to diversify investment risk and opportunity. This asset allocation will prescribe percentage allocation to be invested in stocks, bonds, cash and alternative investments. This allocation should also take into consideration the personal risk profile of every investor, since risk attitudes may vary from person to person.

5. Retirement planning: the plan to understand how much it costs to live at

retirement and thus distribute assets to meet any income shortfall. Methods for retirement plan include taking advantage of government allowed structures to manage tax liability like individual IRA structures or employer sponsored retirement plans.

6. Bequest planning: planning for the disposition of one's assets after death. Typically, there is a tax due to the state or federal government at one's death. Avoiding these taxes means that more of one's assets will be distributed to one's heirs. One can leave one's assets to family, friends or charitable groups.

Corporate finance is the area of finance dealing with the sources of funding and the capital structure of corporations, the actions that managers take to increase the value of the firm to the shareholders, and the tools and analysis used to allocate financial resources.

Corporate finance generally involves balancing risk and profitability, while attempting to maximize an entity's wealth and the value of its stock, and generically entails three primary areas of capital resource allocation. In the first, "capital budgeting" means that management must choose which projects to undertake. The second, "sources of capital" relate to how to fund these projects. Short-term funding or operating capital is mostly provided by banks extending a credit line. Long-term funding or investment capital can be provided through shareholders (in the form of equity), creditors (often in the form of bonds), and the cash flow (from firm's operations). The balance between these elements forms the company's capital structure. The third, "the dividend policy" requires management to determine whether any excess profit is to be retained for future investment or operation, or instead to be distributed to shareholders, and if so in what form.

Corporate finance also includes business or project valuation, stock investment, and investment management. Investment management mostly means choosing portfolios and using financial analysis methods or models to determine what, how much and when to invest.

Financial management, an important aspect of corporate finance, is concerned with the allocation of capital resources to increase a firm's value to the shareholders.

Financial risk management, another important element of corporate finance, is the practice to manage risk exposure thus protect the firm's economic value. Similar to general risk management, financial risk management requires identifying risks' sources, measuring and formulating qualitative and quantitative plans to address

these risks. As to banking industry, the Basel Accords are world-widely adopted by internationally active banks to track, report and expose operational, credit and market risks.

Public finance is mainly related to sovereign states or sub-national entities (states/provinces, counties, municipalities, etc.) and public entities (e.g. school districts) or agencies. In a word, public finance is the study of the government role in the economy.

In detail, public finance is concerned with required expenditure identification and the entity's revenue sources identification, budget process and debt issuance (municipal bonds) for public projects. The purview of public finance is considered to be threefold: (1) efficient allocation of resources, (2) distribution of income, and (3) macroeconomic stabilization.

Central banks, such as the Federal Reserve System banks in the United States and Bank of England in the United Kingdom, are strong players in public finance, acting as lenders of last resort as well as having strong influences on monetary and credit conditions in the country's economy.

There are no shortcuts to any place worth going.

任何值得去的地方，都没有捷径。

Glossary

unforeseen	adj. 未预见到的, 无法预料的; 意外的, 偶然的
professional	adj. 专业的, 职业的; n. 专业人士
utilize	vt. 利用, 使用
incentive	n. 激励; 动机, 刺激
marginal	adj. 边缘的, 边际的, 临界的
myriad	adj. 无数的; 数量极大的
accumulate	vt. 堆积, 积累; vi. 逐渐增加
portfolio	n. 证券投资组合
diversify	adj. 多样化的; 各种的
profile	n. 侧面, 轮廓, 资料
sponsor	v. 赞助; 发起
bequest	n. 遗产, 遗赠物
heir	n. 继承人, 后嗣
charitable	adj. 慈善的, 仁慈的, 慷慨的
generically	adv. 一般地; 属类地; 普通地
entail	vt. 需要, 使必要, 牵涉
undertake	vt. 承担, 从事; 保证; 同意
equity	n. 公平, 公正, 权益, 股本
dividend	n. 红利, 股息, 利息
retain	vt. 保持, 记住, 雇用付定金, 保留
sovereign	n. 君主; 最高统治者; 独立国
municipal	adj. 市的, 市政的; 地方自治的
purview	n. 范围; 眼界; 视野; 见识

Terminology

asset allocation	资产配置
time value of money	货币的时间价值
expected rate of return	预期收益率
durable goods	耐用消费品
real estate	不动产, 房地产
net worth	净值
cash flow	现金流
tax deduction	税收减免
progressive tax system	累进税制
withdraw funds	提款, 抽取资金
net present value	净现值
inflation rate	通货膨胀率
investment portfolio	投资组合
income shortfall	收入短缺, 收入不足
corporate finance	公司财务, 公司金融
capital structure	资本结构
capital budget	资本预算
operating capital	运营资本
financial risk management	金融(财务)风险管理
risk exposure	风险敞口
banking industry	银行业
market risk	市场风险
public finance	财政, 公共金融
municipal bond	市政债券
macroeconomic stabilization	宏观经济稳定
the lender of last resort	最后贷款人

Background Knowledge

1. the Financial Planning Standards Board 金融理财标准委员会

Financial Planning Standards Board Ltd. (FPSB) is a nonprofit association that manages, develops and operates certification, education and related programs for financial planning organizations. It establishes, upholds and promotes worldwide professional standards in financial planning. FPSB works in conjunction with its members to develop and promote rigorous international competency, ethics and practice standards for CFP (注册金融理财师) professionals.

2. progressive tax system 累进税制

A progressive tax system is a tax system in which the tax rate increases as the taxable base amount increases. The term “progressive” refers to the way the tax rate progresses from low to high, with the result that a taxpayer’s average tax rate is less than the person’s marginal tax rate. The term is frequently applied in reference to personal income taxes, in which people with lower income pay a lower percentage of income in tax than do those with higher income.

3. net present value 净现值

In finance, the net present value (NPV) or net present worth (NPW) is defined as the sum of the present values of incoming and outgoing cash flows over a period of time. The NPV of an investment is achieved by discounting the future value of each cash flow. NPV is a useful tool to determine whether a project or investment will result in a net profit or a loss. A positive NPV results in profit, while a negative NPV results in a loss.

4. the Basel Accords 巴塞尔协定

The Basel Accords are a set of recommendations for regulations or supervision in the banking industry, including Basel I, Basel II and Basel III, issued by the Basel Committee on Banking Supervision (BCBS). They are called the Basel Accords because the Basel Committee on Banking Supervision maintains its secretariat in Basel, Switzerland where the committee normally meets.

5. the lender of last resort 最后贷款人

This term means that the central bank is the lender of last resort, providing liquidity to meet abnormal increase in liquidity demand caused by an adverse shock

and there is no alternative source to efficiently increase the liquidity supply. The function has been performed by many central banks since the beginning of the 20th century. The goal is to prevent financial panics and bank runs spreading from one bank to the next due to a lack of liquidity.

6. the Federal Reserve System (美国) 联邦储备系统

The Federal Reserve System (also the Fed) is the central banking system of the United States. It was created on December 23, 1913, largely in response to a series of financial panics. The U.S. Congress established three key objectives for monetary policy in the *Federal Reserve Act*, which are maximum employment, stable prices, and moderate long-term interest rates. The Fed's duties have expanded over the years, and as of 2009 also include supervising and regulating banks, maintaining the stability of the financial system and providing financial services to depository institutions, the U.S. government, and foreign official institutions. The Fed also conducts research into the economy and releases numerous publications.

7. IRA 个人退休账户

An Individual Retirement Account or IRA is used to describe both individual retirement accounts and the broader category of individual retirement arrangements. It provides tax advantages for retirement savings in the United States and is actually a type of "individual retirement arrangement."

Exercises

I. Multiple choice

1. Which category does finance not include?

- A. public finance
- B. corporate finance
- C. international finance
- D. personal finance

2. Which aspect is not included in public finance?

- A. assessing the expenditure for a public sector entity
- B. calculating the risk of portfolio
- C. issuing of debt for public projects
- D. financial budgeting for government

3. Personal finance may not involve paying for ____.

- A. education
- B. insurance
- C. real estate
- D. government deficit

II. True or false

1. The term “time value of money” means that a unit of currency today has greater value than the same number of currency in the future.

2. Corporate finance is the area of finance dealing with funding sources and capital structure of corporations.

3. Public finance actually is tax policy.

III. Translate the English into Chinese

1. Finance is the science of funds management, of assets allocation and liabilities distribution over time under conditions of certainty and uncertainty. A key point in finance is the time value of money, which states that a unit of currency today is worth more than the same unit of currency tomorrow. Finance aims to price assets based on their risk level, and expected rate of return. Finance can be broken into three different sub-categories: personal finance, corporate finance and public finance.

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3. Financial risk management, another important element of corporate finance, is the practice to manage risk exposure thus protect the firm's economic value. Similar to general risk management, financial risk management requires identifying risks' sources, measuring and formulating qualitative and quantitative plans to address these risks.

IV. Topic to discuss

1. What are your points about the difference between finance and economics?
2. Do you have a personal financial plan? What is it?
3. How much grade do you think your country's public finance sector can get?

Why?

V. Movie recommendation

The Pursuit of Happiness

Join finance industry, and upgrade your living class

The Pursuit of Happiness is an American biographical film about Chris Gardner, the on and off homeless salesman turning into a stockbroker. The screenplay by Steven Conrad is based on the best-selling memoir of the same name written by Chris Gardner with Quincy Troupe.

Chris Gardner is a bright and talented, but marginally employed salesman, struggling to make ends meet. When Gardner lands an internship at a prestigious stock brokerage firm, in pursuit of a better life for the two of them, he and his son endure many hardships, including living in shelters.

VI. Happy moment

The Banker and the Frog

A banker was walking in the park one day when she noticed a large frog sitting along the side of the pond.

As she was walking by, the frog suddenly piped up and said, "Excuse me ... but ... ummm ... would you happen to be a banker?"

The banker responded, "Why, yes, I am a banker. Why do you ask?"