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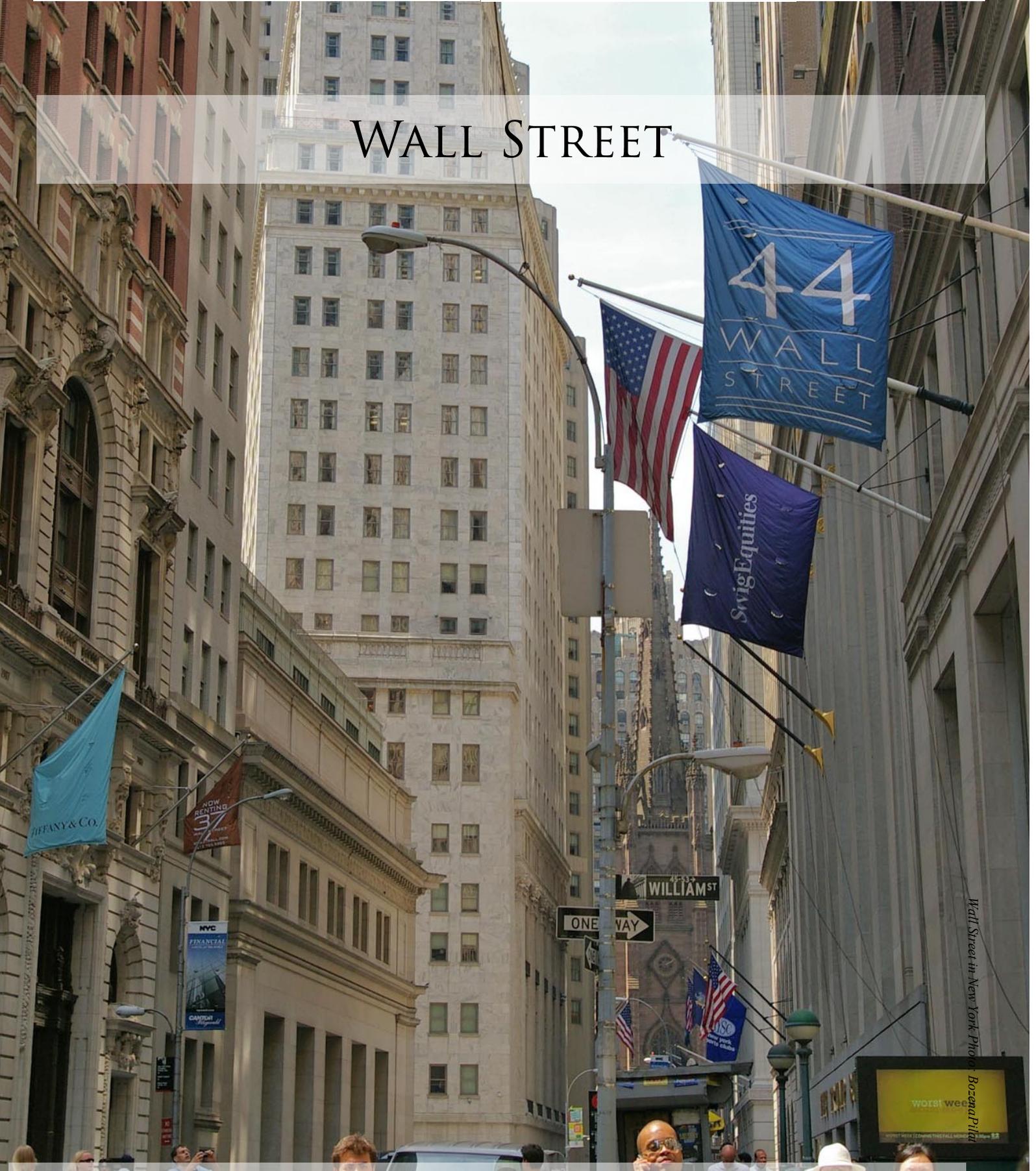
# ZOOM

in on america

By the U.S. Missions of Austria and Poland

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## WALL STREET



Wall Street in New York Photo: Bozena Pita



# THE WORLD'S MOST FAMOUS FINANCIAL STREET

Some streets enjoy world-wide recognition thanks to the kind of activity that is predominant in them. Paris' Champs-Élysées is known for its cafés, elegant shops, as well as its clipped chestnut trees. New York's Broadway and as London's West End are a Mecca for theater lovers. Everyone seems to know the address of the British Prime Minister: 10 Downing Street. Wall Street in New York, on the other hand, has become a symbol of the city's financial business. According to legend, it has performed this role ever since the Dutch settlers established "de Waal Straat" on what was then the northern boundary of New Amsterdam in the 17th century.

## 11 Wall Street: The New York Stock Exchange

The beginnings of the New York Stock Exchange (the NYSE) were rather unsophisticated. On May 17, 1792, twenty-four New York stockholders met outside 68 Wall Street. Here they signed the Buttonwood Agreement, named after the tree under which they used to meet:

*We the Subscribers, Brokers for the Purchase and Sale of the Public Stock, do hereby solemnly promise and pledge ourselves to each other, that we will not buy or sell from this day for any person whatsoever, any kind of Public Stock, at a less rate than one quarter percent Commission on the Specie value and that we will give preference to each other in our Negotiations. In Testimony whereof we have set our hands this 17th day of May at New York, 1792.*

When the signers wrote down their constitution on

March 8, 1817, they named the organization the New York Stock and Exchange Board, a name that would last until 1863 when it was shortened to its present form. The Board was a members-only organization. There were 1,366 seats and the only way to become a member was to buy a seat. The membership-only status of the organization changed dramatically in April 2006 when the NYSE went public and electronic.

As trading developed, the need for more room grew. In April 1903, a new Exchange building (one of the first air-conditioned buildings in the world,) with a marble trading floor, gilt ceiling, a vast skylight, as well as an in-house emergency hospital was opened. It soon became a landmark of New York and one of its most popular tourist attractions. It is located at 18 Broad Street (overlooking Wall Street) in the heart of the Financial District.



## The Wall Street Bull

If the tall skyscrapers of Manhattan present a challenge for photographers who want to take a memorable shot in the Big Apple, the famous Wall Street Bull is a much easier model. And, the sculpture's over two-decade-long history is eventful, too. It is little wonder that many visitors to New York traverse the Financial District in search of this landmark. The bull, which is known by several names: the Charging Bull, the Bowling Green Bull, or the Wall Street Bull, was made by an Italian-American artist Arturo Di Modica. The artist placed his sculpture, which weighs over three tons, in front of the New York Stock Exchange in Broad Street on December 15, 1989. Installing it under a Christmas tree, he declared it a gift for New Yorkers. The bronze sculpture was made with the artist's own money, but Di Modica planned to make and sell four other similar works (one, a younger and stronger bull was installed in Shanghai in 2010.) On the first day, a huge crowd of New Yorkers came to see the sculpture. However, the police soon removed the bull from its location on the grounds that it had been put there without the consent of the city government. Public opinion was different. New Yorkers liked the bull and wanted it back. They put pressure on the New York City Department of Parks and Recreation, which resulted in reinstalling the sculpture in the Financial District. It was placed in the plaza at Bowling

Green, near Wall Street.

The bull is a symbol of a rising market, while the less popular bear represents a declining market.

## Times of Trouble

Wall Street has become a global symbol of the Free-market system, in good times and bad. The turn of the 19th and 20th century is considered Wall Street's heyday. But within two decades the great boom (or the great bull market, as a period of prosperity is called,) ended abruptly and the decade-long Great Depression of the 1930s set in leaving millions of people unemployed and homeless. The Depression began with the stock market crash on October 24, 1929 which is known as "Black Thursday."

The 21st century began with the tragic terrorist attacks on the World Trade Center, which in addition to the tragic loss of almost three thousand lives, deprived the financial district of its characteristic look.

Today, following recent economic crises all over the world, the economic activities of banks and big companies, as well as, the distribution of wealth are the focus of attention for many people. Protests, such as Occupy Wall Street, have occurred in many countries in the world. In the U.S. these protests have taken part in the proximity of the heart and symbol of the financial district: Wall Street.



The bronze 'Charging Bull' sculpture that symbolizes Wall Street (Photo AP Images)

# ACTIVITY PAGE

## VOCABULARY STUDY:

These words/ expressions are important while talking about stock exchange:

**BULL MARKET:** a period in which investment prices rise

**BEAR MARKET:** a period (usually during a recession) in which investment prices drop

**EQUITY:** the sum of one's assets; **EQUITY MARKET:** organized trading of stocks

**BOND:** a certificate issued to investors who lend money to the government

**SECURITIES:** stocks, shares, bonds that one buys to earn interest from them

**STOCKS:** shares in the ownership of a company or investments on which interest is

## The Dow Jones Industrial Average

The Dow Jones Industrial Average, a commonly referenced indicator of economic health in the United States, is the average value of 30 industrial stocks. The averages are computed by summing up the price of the stocks in the average and dividing by a constant called the "divisor." The Dow Jones Industrial Average (named after statistician Edward Jones,) has been in use since 1896. Originally, it started with 12 stocks of which only one company is still in the index (General Electric). In 1916, the number of stocks was increased to 20, and in 1928, to the present number of 30. Companies represented include General Motors, Goodyear, AT&T, Hewlett-Packard, Coca Cola and IBM. The Dow Jones Average shows how the 30 American companies have traded on the stock market. Only companies which are well-developed, have a good reputation and are of interest to traders are considered in the selection process.

## The Bell

Trading on the NYSE floors is started and ended with the sound of a bell. The bell became such an important part of tradition at the NYSE that when in the 1980s the existing bell needed refurbishing and a new one had to be made, the retired group of employees that made the original bell from the G.S. Edwards Company of Norwalk in Connecticut were hired to perform the task.

## NASDAQ

The NASDAQ is the second biggest stock exchange in the world, after the NYSE. Its headquarters are in New York, close to Union Square. The name "NASDAQ" originally stood for "National Association of Securities Dealers Automated Quotations". NASDAQ was founded in 1971 and was the first electronic market in the world, at first with trading conducted by telephone. Its main index is the NASDAQ Composite.

## EXERCISE READING COMPREHENSION

Read the texts above and answer the following questions:

1. What are the names of the two biggest stock exchanges in the world?
2. What are the criteria for selecting businesses for the Dow Jones Average?
3. Who was commissioned to complete the work of refurbishing and making a new bell for the NYSE?
4. Which stock exchange was the first to operate electronically?
5. How are the industrial averages calculated?

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## About ZOOM

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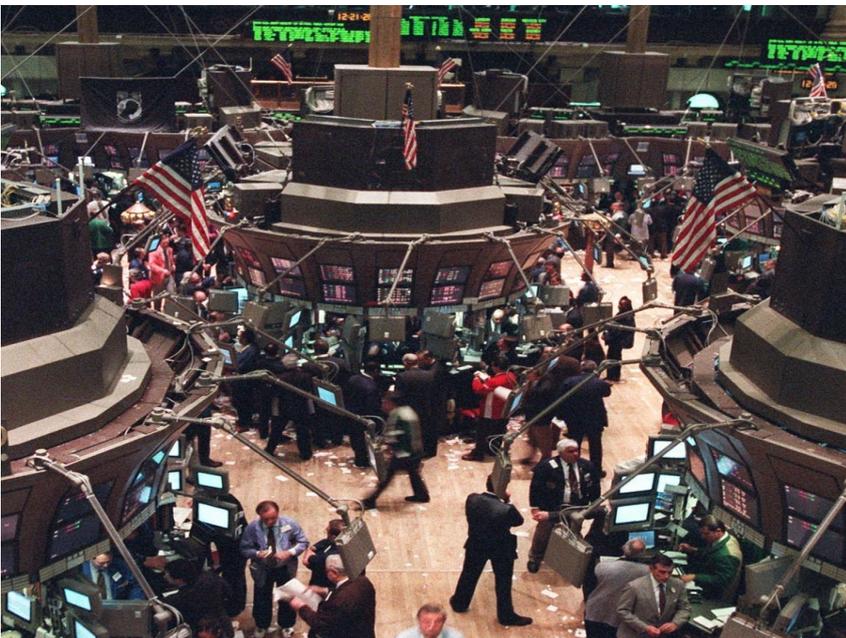
Traders on the floor of the New York Stock Exchange in this October 19, 1987 file photo (Photo: AP Images)



David Brown of Owens Corning, and the Pink Panther watch a stock ticker (Photo: AP Images)



The narrow canyon of Wall Street in lower Manhattan, New York City, circa 1925 (Photo: AP Images)



Traders work on the floor of the New York Stock Exchange on April 24, 1997 (Photo: AP Images)



Floor trader puts his hand to his head shortly before the closing bell, July 5, 2006 (Photo: AP Images)



The New York Stock Exchange (Photo: AP Images)



Wall Street Journal pressrun foreman inspects the pressrun (Photo AP Images)



Men at work among the machinery of the New York Stock Exchange on July 28, 1938 (AP Images)