Levels of business cycles

9-4.2. Expansion: The phase of the business cycle when the economy moves from a trough to a peak.

9-4.2.1. Boom :A period of time during which sales or business activity increases rapidly.

9-4.2.2. Recovery: The phase of the businesscycle when the economy moves from a trough to a peak. It is a period when business activity rises and gross domestic product expands until it reaches a peak.

9-5. Levels of business cycles:

9-5.1. Peak: The highest point between the end of an economic expansion and the start of a contraction in a business cycle. The peak of the cycle refers to the last month before several key economic indicators, such as employment and new housing starts, begin to fall. It is at this point that real GDP spending in an economy is its highest level.

9-5.2. Trough: The stage of the economy s business cycle that marks the end of a period of declining business activity and the transition to expansion.

9-6. The duration of business cycles:Since the Second World War, most business cycles have lasted three to five years from peak to peak. The average duration of an expansion is 44.8 months and the average duration of a recession is 11 months. As a comparison, the Great Depression - which saw a decline in economic activity from 1929 to 1933 - lasted 43 months from peak to trough.

But after 1970s the duration of business cycles became less, most business cycles have lasted three to five months from peak to peak.

Question:

1. What does business cycle mean?

2. Draw a graph that explains business cycle phases?

3. List The main types of business cycles?

4. Give the definition of following concepts:

   a. Recession.

   b. Depression.

   c. boom.

   d. recovery.

5. Make comparison between contraction and expansion?

6. Translate the following paragraph:-

   National Bureau of Economic Research

   The Business Cycle Dating Committee of the National Bureau of Economic Research met every one month. At its last meeting, the committee determined that a trough in business activity occurred in the U.S. economy in November 2001. The trough marks the end of the recession that began in March 2001 and the beginning of an expansion. The recession lasted 8 months, which is slightly less than average for recessions since World War II.

   In determining that a trough occurred in November 2001, the committee did not conclude that economic conditions since that month have been favorable or that the economy has returned to operating at normal capacity. Rather, the committee determined only that the recession ended and a recovery began in that month.