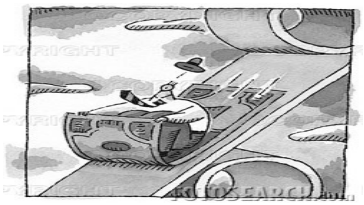
LIGHTHOUSE C PA SOCIAL SCIENCES DEPARTMENT

AP ECONOMICS

STUDY GUIDE # 16 - BUSINESS CYCLES



CHAPTER LEARNING OBJECTIVES

1. *STUDENTS WILL BE ABLE TO IDENTIFY, DEFINE, AND EXPLAIN A BUSINESS CYCLE*

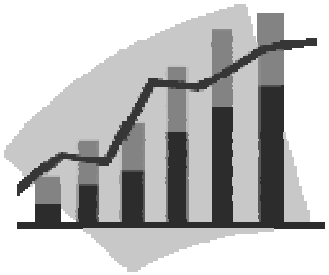
2. *STUDENTS WILL BE ABLE TO DEFINE THE PHASES OF A BUSINESS CYCLE*

3. *STUDENTS WILL BE ABLE TO EXPLAIN THE CHARACTERISTICS OF THE PHASES OF THE BUSINESS CYCLE*

4. *STUDENTS WILL BE ABLE TO IDENTIFY AND EXPLAIN THE FACTORS THAT HAVE AN EFFECT ON THE BUSINESS CYCLE*

5. *STUDENTS WILL BE ABLE TO IDENTIFY, DEFINE, AND EXPLAIN THE PURPOSE BEHIND THE LEADING ECONOMIC INDICATORS*

WHAT IS A "<u>BUSINESS CYCLE</u>" ?



WHAT ARE THE 4 PHASES OF THE BUSINESS CYCLE ?

1. *"<u>EXPANSION</u>" -*

   "<u>ECONOMIC GROWTH</u>" -

   THE THREE CHARACTERISTICS OF EXPANSION PHASE :

   1. *2.* *3.*

2. *"<u>PEAK</u>" -*

3. *"<u>CONTRACTION</u>" -*

THE THREE CHARACTERISTICS OF A CONTRACTION PHASE

1. " <u>RECESSION</u> " -

1.

2.

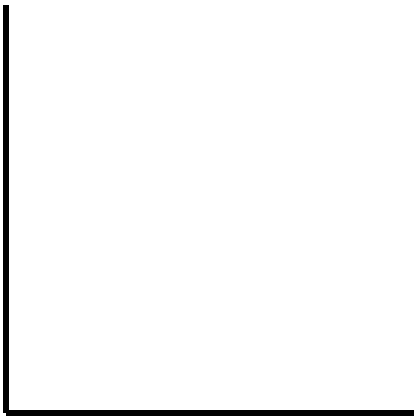
2. " <u>DEPRESSION</u> " -

3. " <u>STAGFLATION</u> " -

4. " <u>TROUGH</u> " -

STAGFLATION ILLUSTRATION

ECONOMIC CONDITIONS :



1.

2.

3.

4.

5.

4. " <u>RECOVERY</u> " -

WHAT ARE THE 4 MAIN FACTORS EFFECTING THE BUSINESS CYCLE ?

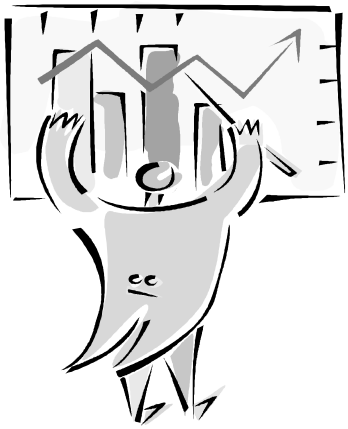
1.

2.

1.

2.

3.



4.

CAN THE BUSINESS CYCLE BE FORECASTED , AND IF SO , HOW ?

WHAT ARE THE 3 LEADING ECONOMIC INDICATORS ?

1.

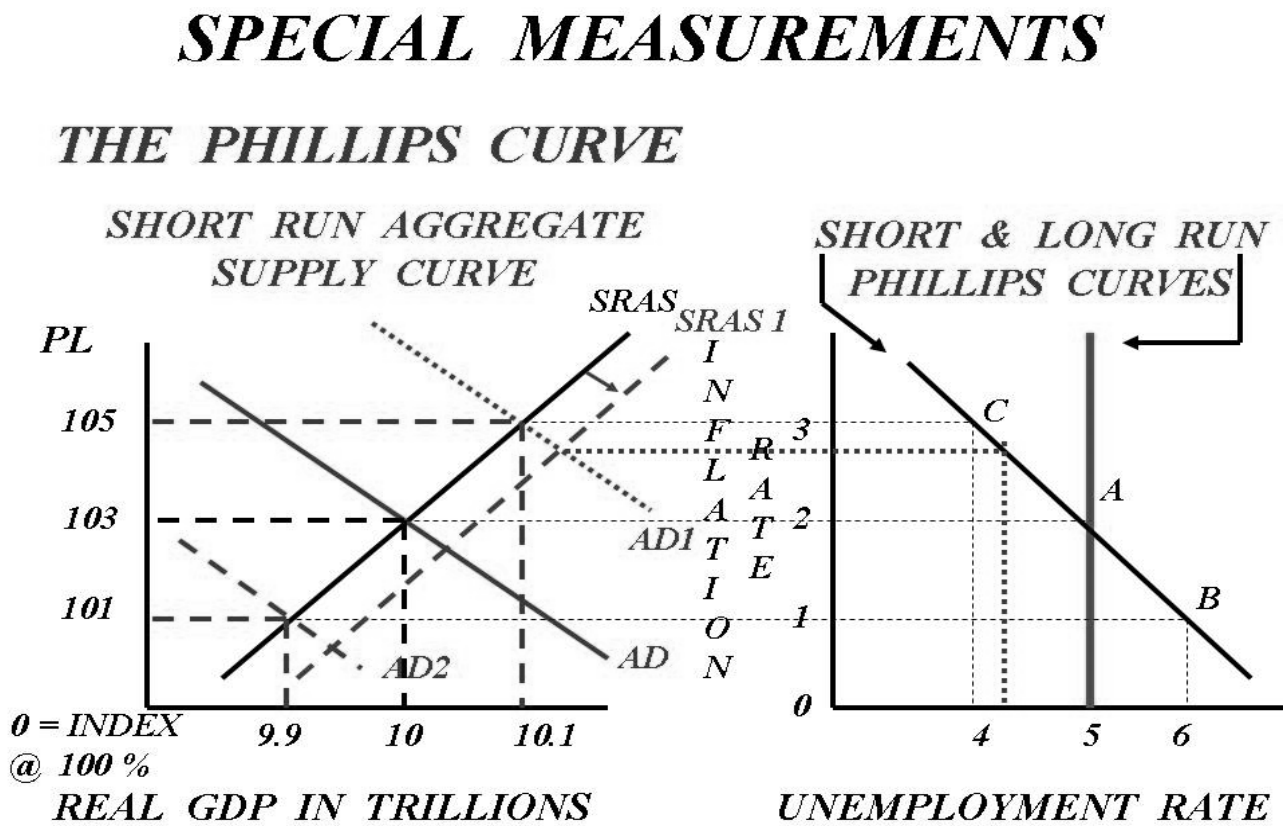
2.

3.

MORE ON SPECIAL MEASUREMENTS

THE RELATIONSHIP BETWEEN THE INFLATION AND UNEMPLOYMENT RATES

“ <u>THE PHILIPS CURVE</u> ” -

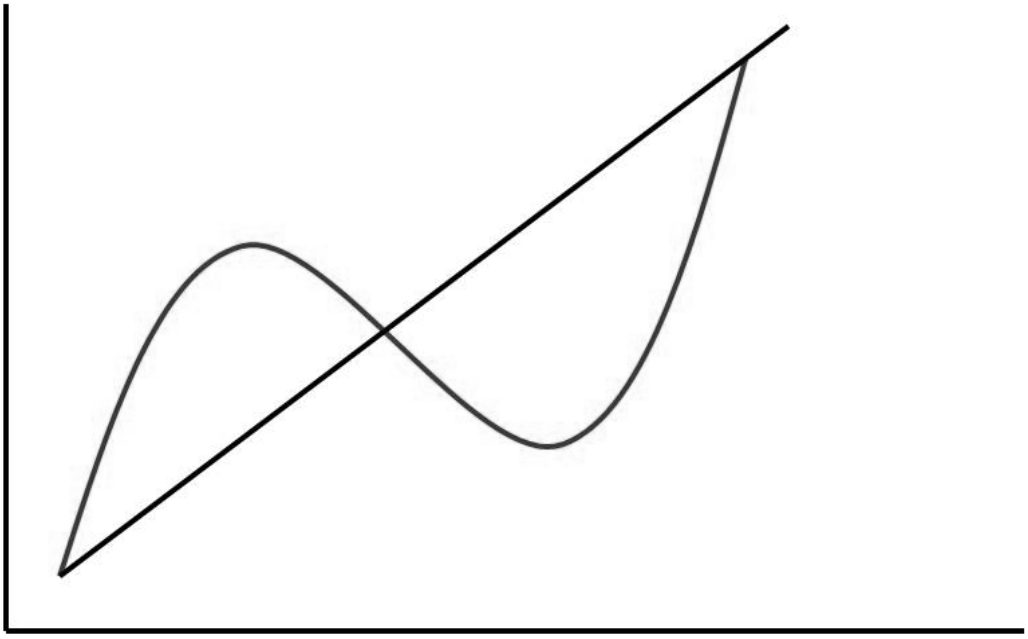


“ <u>OKUN’S LAW</u> ” -

CAUTIONS / CONSIDERATIONS :

1.

2.

3.

BUSINESS CYCLES