Unterrichtsmodul:

Business Cycle

THE BUSINESS CYCLE

Instructions:
- Set aside a pencil and pens of three different colors.
- Go to YouTube and search for a video about the topic "business cycle". Type in the following terms: introduction, economics, business cycle. Choose the first video.
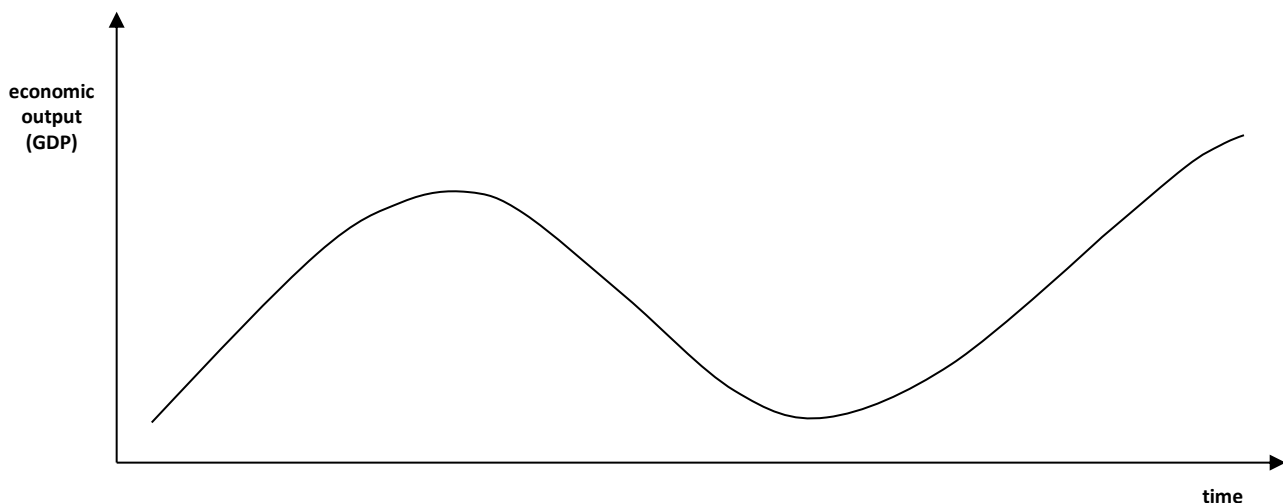- While watching the video, complete the tasks below.

TASK 1: Fill in the missing words.

business cycle = an _____ fluctuation in _____ _____

recession = _____ or more _____ of _____ economic growth

indicators = _____ growth, _____ and wholesale & retail _____

TASK 2: Label the chart according to the explanations.

economic output (GDP)

time

TASK 3: Complete the characteristics of these two stages of the business cycle.

recession	recovery
	activity _____
consumer _____ _____	consumer _____ _____
_____ build up	new _____ are planned
companies _____ output and _____ employees	companies _____ output and _____ employees
➔ unemployment _____	➔ unemployment _____

BUSINESS CYCLE INDICATORS

The current state of the economy and its position in the business cycle can be determined by indicators. Indicators are figures that show how the business cycle develops over time.

German	English	definition	examples
Frühindikator	———— **indicator**		
Präsentindikator	———— **indicator**		
Spätindikator	———— **indicator**		

TASKS:

1. In the table above, put in the following English terms to match their German equivalents.

coincident ▪ lagging ▪ leading

2. Match the definitions to the respective indicators.

> a. A measurable economic factor that changes after the economy has already begun to follow a particular pattern or trend.
> b. A measurable economic factor that changes before the economy starts to follow a particular pattern or trend. Leading indicators are used to predict changes in the economy, but are not always accurate.
> c. An economic factor that varies directly and simultaneously with the business cycle, thus indicating the current state of the economy.

3. Work in groups. **Take it in turns matching** these indicators to the corresponding definitions. **Explain** your choice.

building permits	GDP	new orders
business climate index	industrial production	profits
capacity utilization	inventory change	retail turnover
consumer price index (CPI)	negotiated wage	unemployment rate

THE BUSINESS CYCLE - Solution

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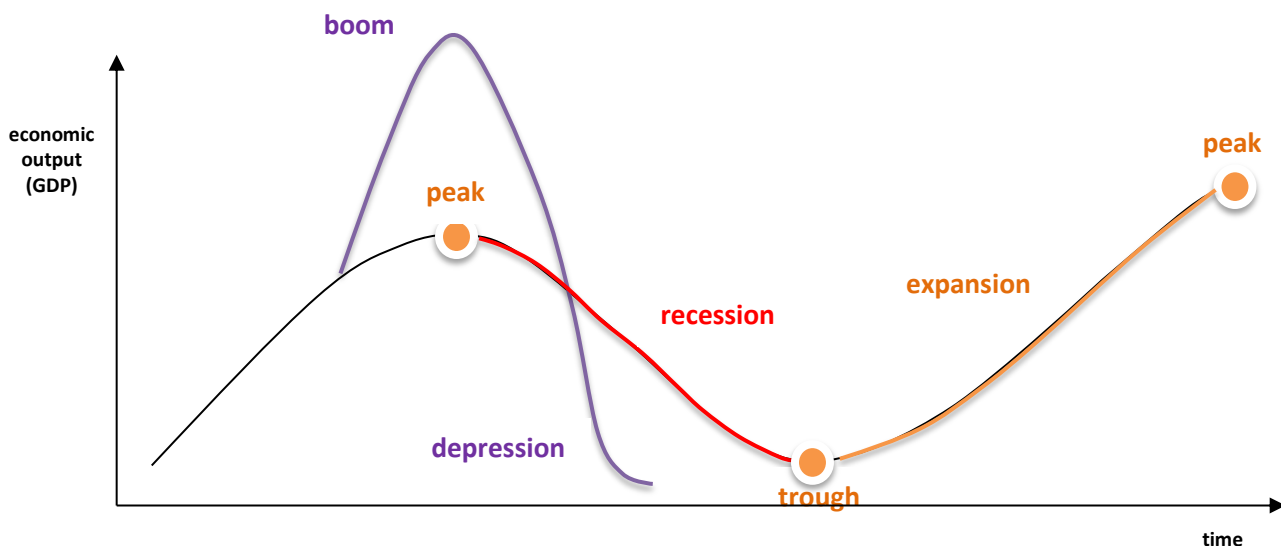- While watching the video, complete the tasks below.

TASK 1: Fill in the missing words.

business cycle = an **economy-wide** fluctuation in **economic activity**

recession = **2** or more **quarters** of **negative** economic growth

indicators = **GDP** growth, **employment** and wholesale & retail **trade**

TASK 2: Label the chart according to the explanations.

TASK 3: Complete the characteristics of these two stages of the business cycle.

recession	recovery
	activity **accelerates**
consumer **spending slows**	consumer **spending improves**
inventories build up	new **orders** are planned
companies **reduce** output and	companies **expand** output and
lay off employees	**add** employees
➔ unemployment **rises**	➔ unemployment **declines**

BUSINESS CYCLE INDICATORS - Solution

The current state of the economy and its position in the business cycle can be determined by indicators. Indicators are figures that show how the business cycle develops over time.

German	English	definition	examples
Frühindikator	**leading** indicator	**b**	**new orders** **building permits** **inventory change** **business climate index**
Präsentindikator	**coincident** indicator	**c**	**GDP** **industrial production** **retail turnover** **capacity utilization**
Spätindikator	**lagging** indicator	**a**	**consumer price index (CPI)** **unemployment rate** **negotiated wage** **profits**

TASKS:

1. In the table above, put in the following English terms to match their German equivalents.

   coincident ▪ *lagging* ▪ *leading*

2. Match the definitions to the respective indicators.

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