

Introduction to Business and Management

Spring 2020

- Economics Unit
 - Lesson #5

Daily Objectives

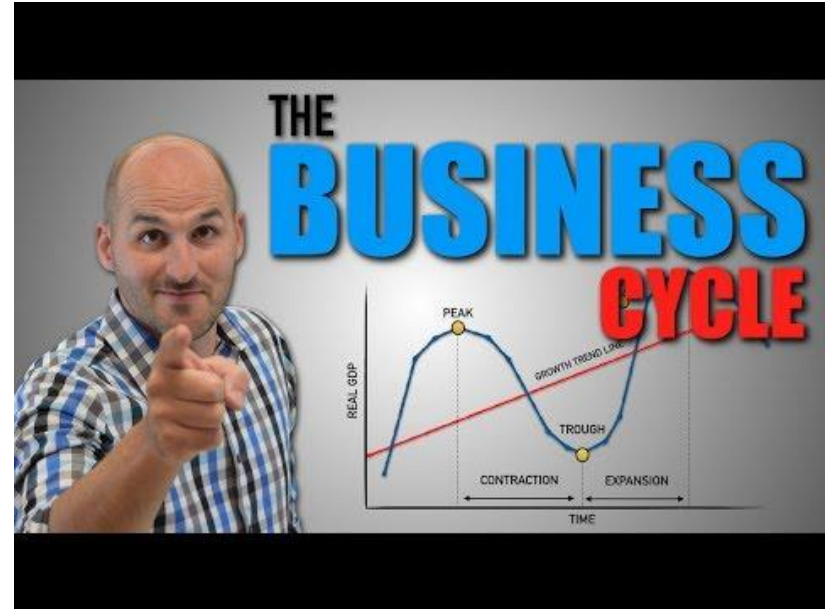
- Students will understand the 4 phases of the Business Cycle
- Students will be able to identify economic indicators and determine how it changes the business cycle

Lesson Starter:
How is the COVID-19 pandemic
affecting the economy?

What is Business Cycle?

The business cycle is the natural rise and fall of economic growth that occurs over time. The cycle is a useful tool for analyzing the economy. It can also help you make better financial decisions

Watch the video below, for further explanation



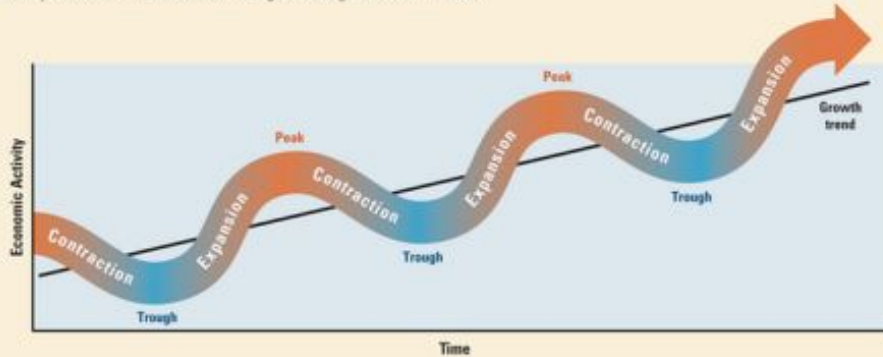
Link: https://youtu.be/Y5jr_zv2Y9M

Business Cycle Infographic

Key Concept

The Business Cycle

The business cycle is a recurring pattern of change as an economy expands and contracts. During an expansion, economic activity increases until it peaks and can grow no more. During the contraction that follows, economic activity slows until it sinks into a trough and begins to turn around.



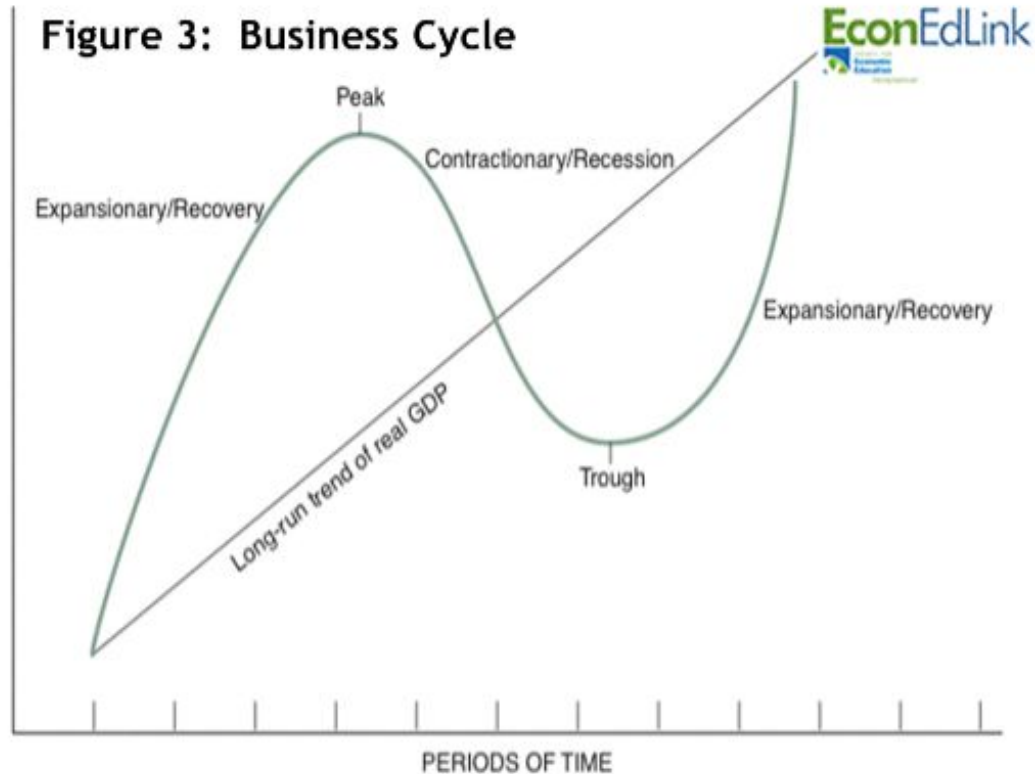
Relating Key Economic Indicators to the Business Cycle

Phase of the Business Cycle	Real GDP	Unemployment Rate	Inflation Rate
Expansion: Period of economic growth	increasing	generally decreasing	generally increasing
Peak: Highest level of economic activity	stops increasing	stops decreasing	stops increasing and may start decreasing
Contraction: Period of economic decline	decreasing	generally increasing	generally decreasing
Trough: Lowest level of economic activity	stops decreasing	stops increasing	stops decreasing and may start increasing

Activity:

Research the historical trends in Business Cycles for the U.S. over recent years. Choose any decade of time in history and draw a graph to represent the ups and downs of the economy. Be sure to label the different cycles; **Expansion, Peak, Recession, Trough, Depression.** Label the years and what was going on economically during the decade. The next slide shows you an example of a graph to help you get started.

Figure 3, below, illustrates a "typical" business cycle, with periods of expansion, peak, contraction, and trough. Please recreate this graph on a piece of paper with years labeled throughout the decade and provide the economic indicators for your reasoning.



Additional Resources:

If you would like to learn more about where the US economy is now and how the COVID-19 pandemic is affecting it, please read the following articles.

<https://www.latimes.com/business/story/2020-03-16/us-economic-recession-coronavirus-ucla-anderson-forecast>

<https://www.weforum.org/agenda/2020/03/covid19-economy-china-health-coronaviruses-economics-global/>