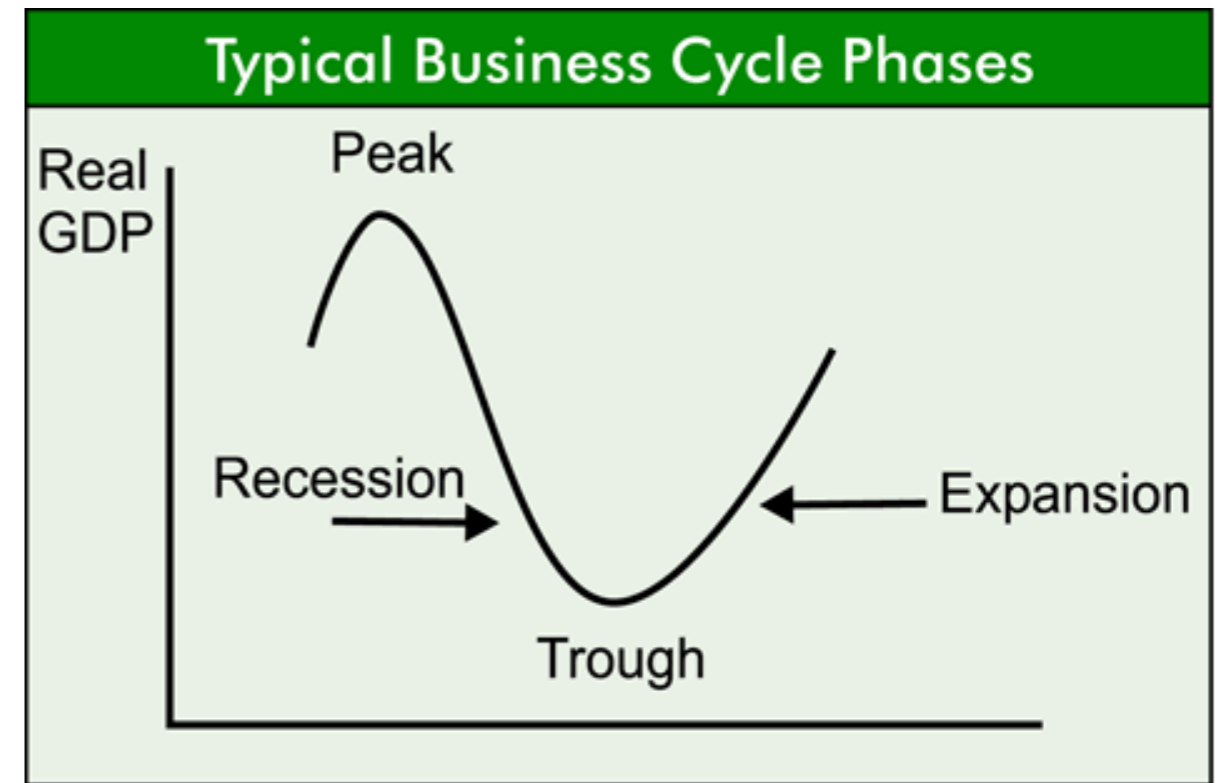


The Business Cycle

An economy-wide fluctuation in economic activity that tends to repeat itself.



Recession: *Two or more quarters of negative economic growth.*

Consumer spending slows; inventories build up; companies reduce output and lay off employees, so unemployment rises.

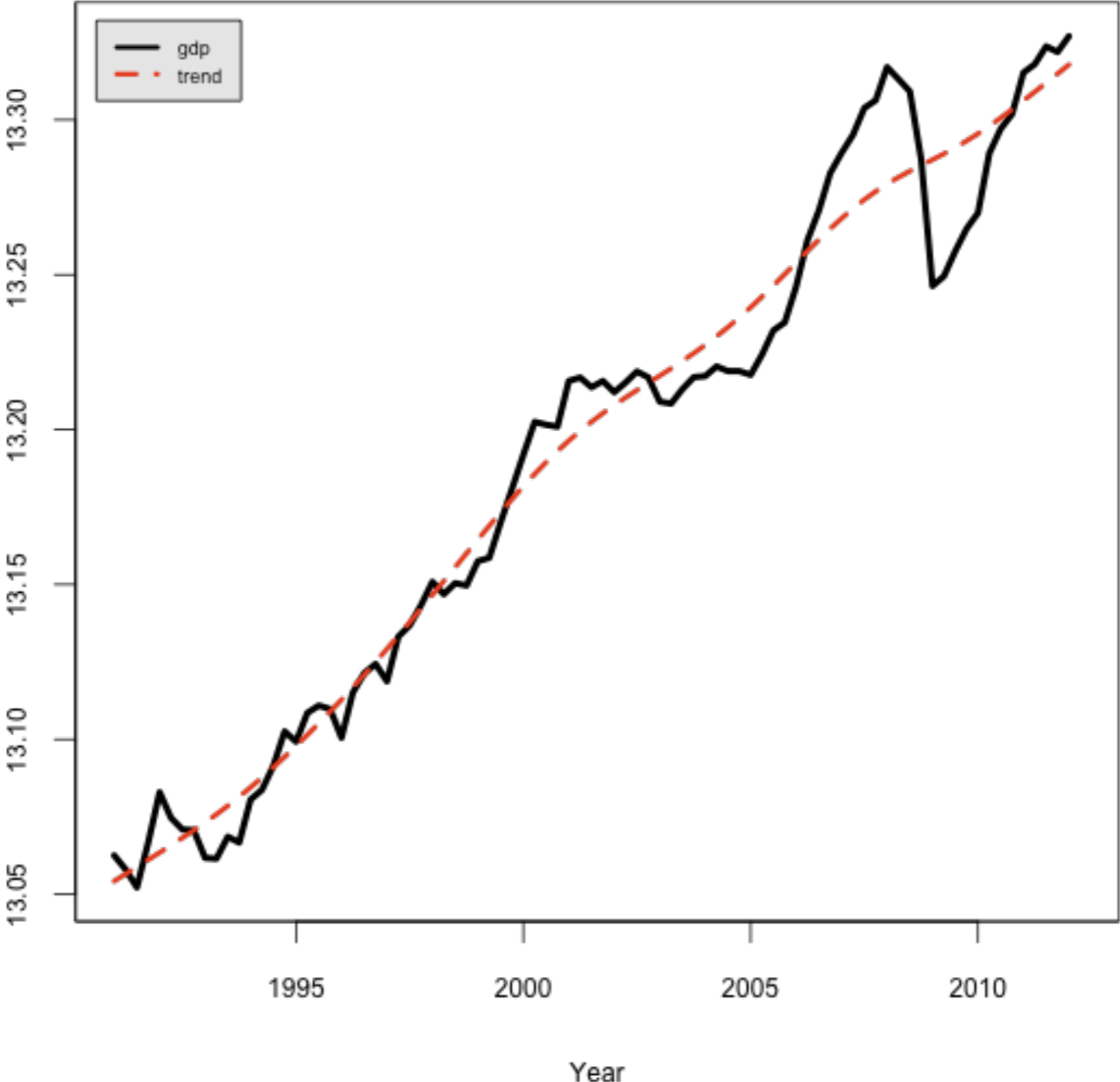
Trough: *The bottoming out stage of a recession (when things are at their worst).*

Recovery (expansion phase): *Several quarters of positive economic growth.* Economic activity accelerates; consumer spending increases; new orders are placed; companies expand output and add employees; unemployment declines; salaries may rise.

Peak: *The height of an economic expansion (when economy is at its strongest point in the cycle).*

Graphing the Business Cycle

Log Real Gross Domestic Product - Germany
Seasonally Adjusted



Cooley-Rupert European Economic Snapshot; www.europeansnapshot.com

Source: Eurostat