**The Business Cycle**

1. For each of these indicators, explain what happens during each phase of the business cycle. See example below.

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| --- | --- | --- | --- | --- |
|  | **Peak/Boom** | **Contraction/Recession** | **Trough/Depression** | **Expansion/Recovery** |
| **Prices of Goods and Services** | Prices are at their highest level due to inflation from increased money supply | Prices begin to decrease as demand drops  | Prices are at their lowest level, the Fed will use expansionary policies | Prices begin to rise again as demand increases |
| **Unemployment rate** |  |  |  |  |
| **Production and factory output** |  |  |  |  |
| **Creation of new businesses** |  |  |  |  |
| **Business failures** |  |  |  |  |
| **Consumer Spending** |  |  |  |  |
| **Housing Starts** |  |  |  |  |
| **Stock Market Index** |  |  |  |  |

1. Make a poster to illustrate each different phases of the cycle using these indicators. You may draw or use pictures cut from magazines.