

**PENANG SANGAM HIGH SCHOOL
P.O.BOX 44, RAKIRAKI**

LESSON NOTES

Subject: Economics

Year/Level: 13

Week 19

Strand	3	Macroeconomics
Sub Strand	3.2	Income and Expenditure analysis
Content Learning Outcome	Analyse the income and Expenditure analysis	

Greetings to all..

In the last lesson we looked at the Income & Expenditure Model. Now we will discuss Business Cycle.

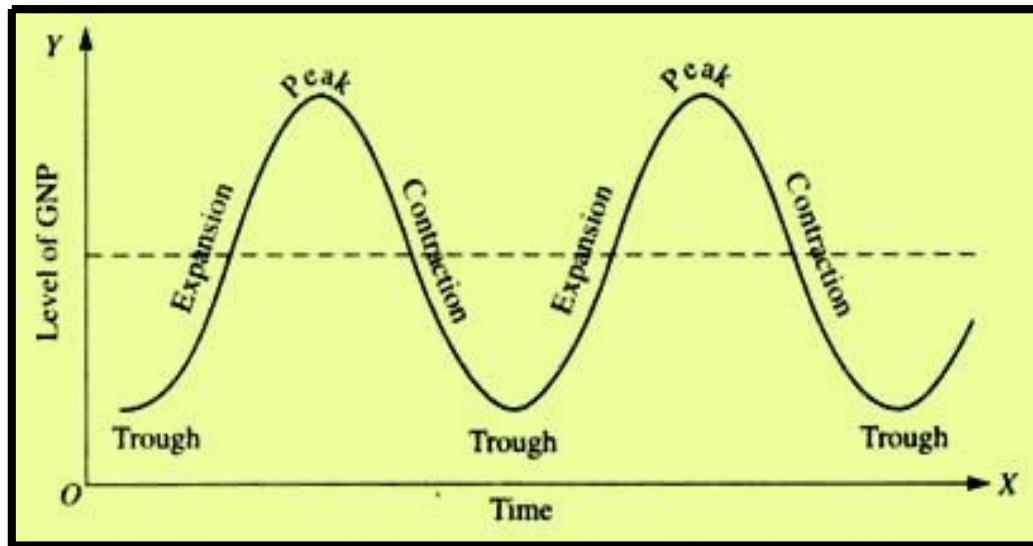
Lesson Notes (Copy in your note book)

Business cycle/ Economic Cycle/ Boom-Bust cycle / Trade cycle



Is a regular alternation/variation of rising and falling levels of economic activity which is measured over a period of time.

Illustration of Business cycle



4 Phases of Trade/ Business cycle

4 Phases	Definition
Boom/Peak	Economic activity is at maximum Full employment level Economy experiences inflationary pressure
Recession/Contraction	Downfall in level of economic activity Decrease in income, output and employment Decrease in investment
Depression/Trough/Slump	Lower turning point Economic activity at its lowest/minimum
Recovery	Upward movement of level of economic activity Factors such as increased domestic population, up-surged business optimism may give rise to increased economic activity

Homework : Essay Writing (write the essay in your essay book)

The business cycle illustrates so many things and it is an economic model on its own.

Evaluate the above statement in light of:

- The purpose and two alternative names of business cycle
- Any three phases of business cycle
- Use of fiscal policy to solve the problem of unemployment in the economy

We will discuss the essay in the next lesson.....

Stay safe.....