

Chapter 3

Business Cycle Measurement

Figure 3-1 Idealized Business Cycles

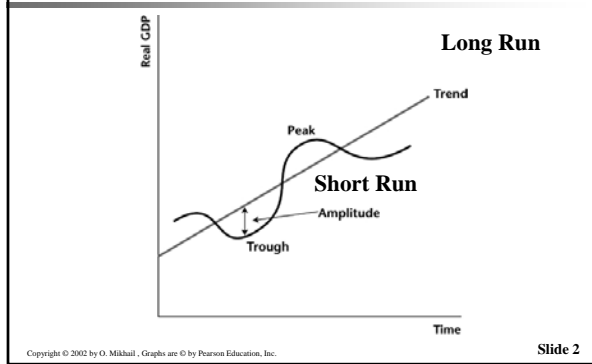


Figure 3-2 Percentage Deviations from Trend in Real GDP from 1947 to 1999

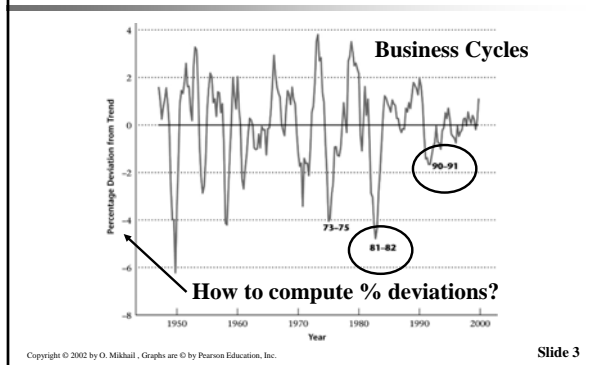


Figure 3-3 Business Cycle Vocabulary

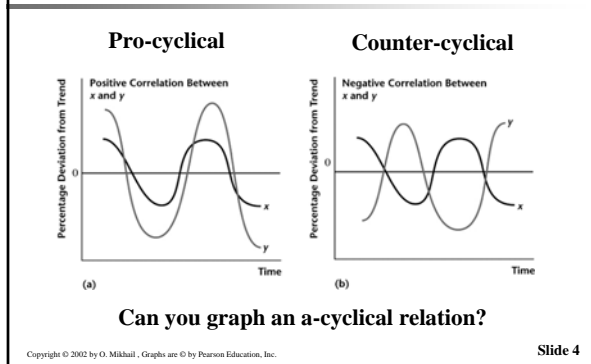


Figure 3-5 Imports and GDP

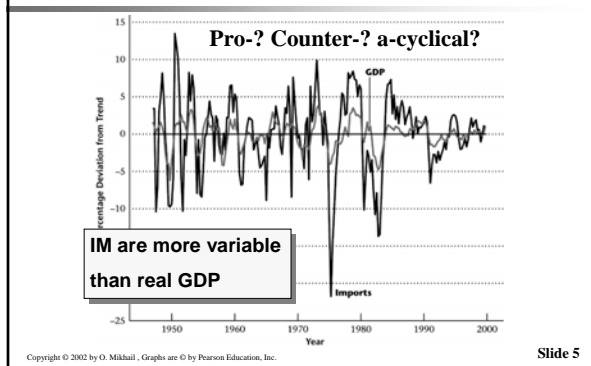


Figure 3-6 Scatter Plot of Imports and GDP

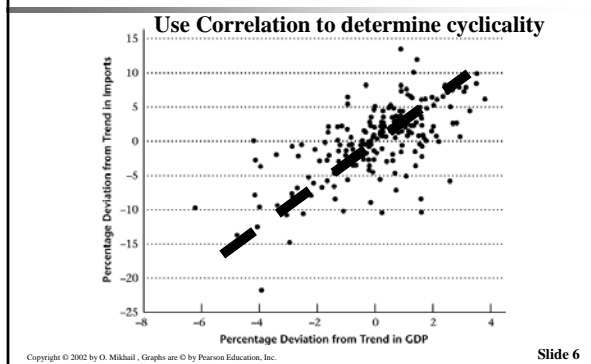


Figure 3-7 Leading and Lagging Variables

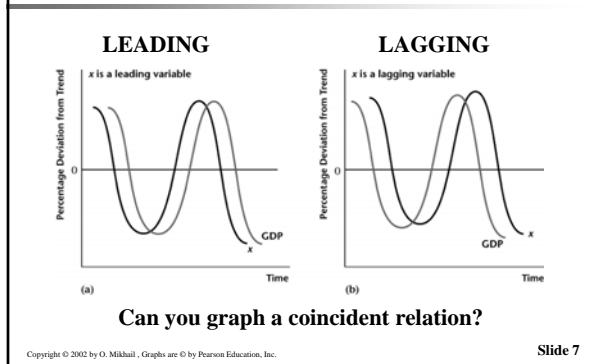
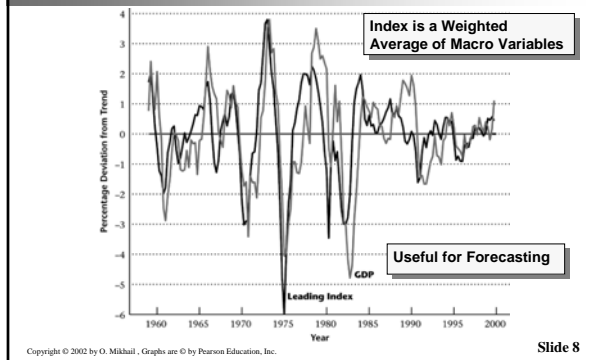


Figure 3-8 Percentage Deviations from Trend in Real GDP (colored line) and the **Index of Leading Economic Indicators** (black line) for the Period 1959-1999



Key Variables and Empirical Regularities **Business Cycle Facts**

- For each variable, study its properties:
 - Procyclical, countercyclical or acyclical.
 - Leading or lagging.
 - More or less variable relative to real GDP.
- Variables of interest:
C, I, P, M^s and E.

↑
P: Implicit Price Deflator

Figure 3-9 Percentage Deviations from Trend in Real Consumption (black line) and Real GDP (colored line)

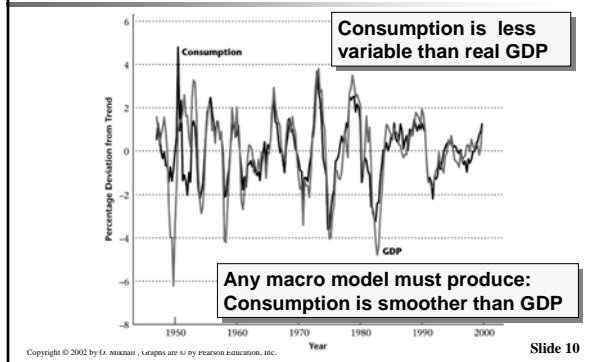


Figure 3-10 Percentage Deviations from Trend in Real Investment (black line) and Real GDP (colored line)

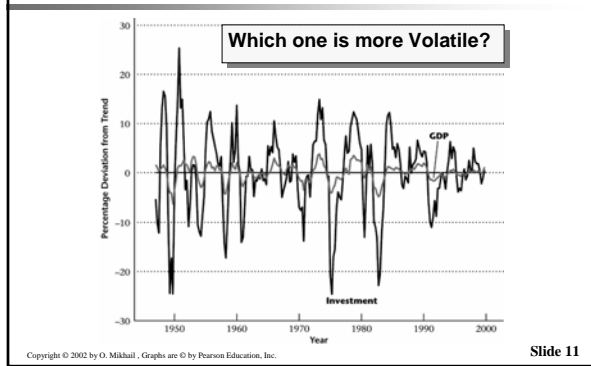


Figure 3-12 Price Level and GDP

