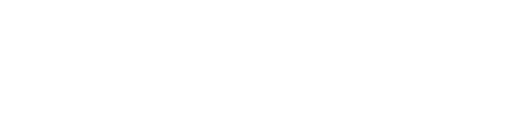
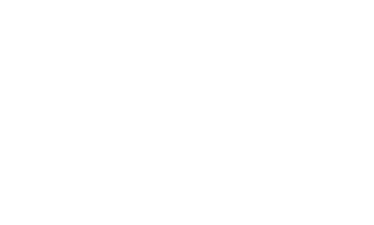
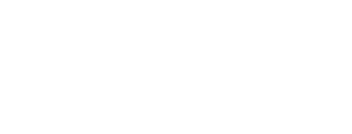
**The Business Cycle**

Identify and write the characteristics of each segment of the business cycle.



TIME

# The Business Cycle Answer Key

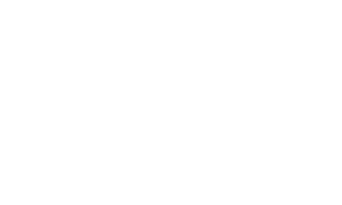


Trough: Highest unemployment for the period. This is where contraction ends and expansion begins.

Peak: Business activity reaches a temporary maximum with full employment and near capacity output. The unemployment rate is at its lowest level. When a peak is higher than the previous peak, economic growth has occurred.

TIME

Recovery (Expansion): output and employment are expanding toward full-employment level. The unemployment rate is beginning to fall.



Recession (Contraction): a decline in total output, income, employment, and trade lasting six months or more. The unemployment rate is beginning to rise.