



THEME 5

ECONOMIC GROWTH

AND CYCLICAL

GROWTH

OVERVIEW THEME 5

ECONOMIC GROWTH AND CYCLICAL GROWTH

- MONEY AND CAPITAL MARKETS
- CAUSES AND CONSEQUENCES OF INFLATION
- LABOUR MARKET POLICY
- ECONOMIC GROWTH (long-term)
- CYCLICAL GROWTH (short-term)
- FISCAL POLICY AND MONETARY POLICY
- ECONOMIC MODELS

BASES ON CASES

CHAPTER 5 (LPD 15): CYCLICAL GROWTH

- 1. CASE 1: DEFINITION AND GRAPHS**
- 2. CASE 2: DASHBOARD**

CYCLICAL GROWTH

1. CASE 1: DEFINITION AND GRAPHS

**Global recession risk rises to 60 percent
on Trump tariffs**

**German savings slump
hampers economic
recovery**

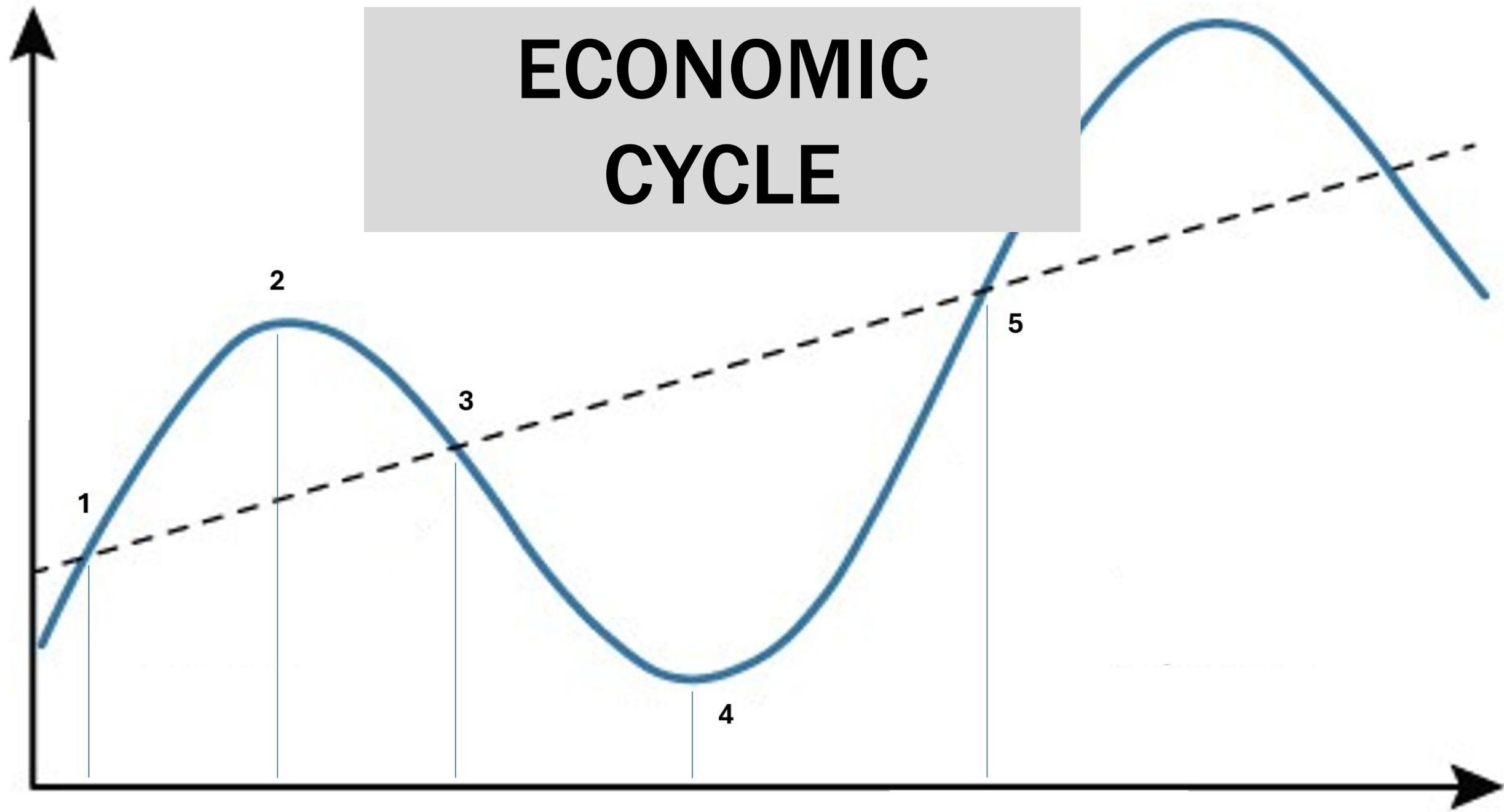
US economic recovery comes under pressure

**RECESSION, RECOVERY, REVIVAL... TERMS THAT CAN BE LINKED TO
CYCLICAL GROWTH**

**WHAT DO WE MEAN BY THE CYCLICAL GROWTH OF A COUNTRY (OR GROUP
OF COUNTRIES)?**

HOW IS CYCLICAL GROWTH PRESENTED?

ECONOMIC CYCLE



1 **STRAIGHT LINE =**

2 **DOTTED LINE =**

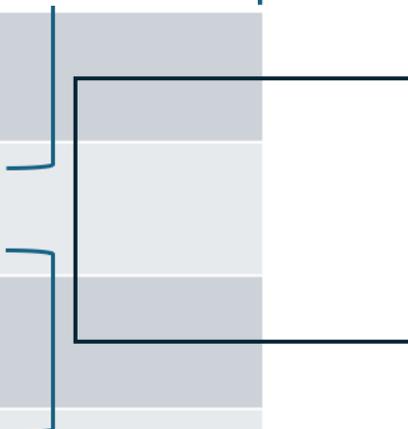
3 **ECONOMIC CYCLE GOES FROM TO**

4 **COMPONENTS OF AN ECONOMIC CYCLE**

COMPONENT	WHAT HAPPENS WITH THE ECONOMY?
1	
1-2	
2	
2-3	
3	

COMPONENT | WHAT HAPPENS WITH THE ECONOMY?

3-4	
4	
4-5	
5	



5 CYCLICAL POLICY

FISCAL POLICY

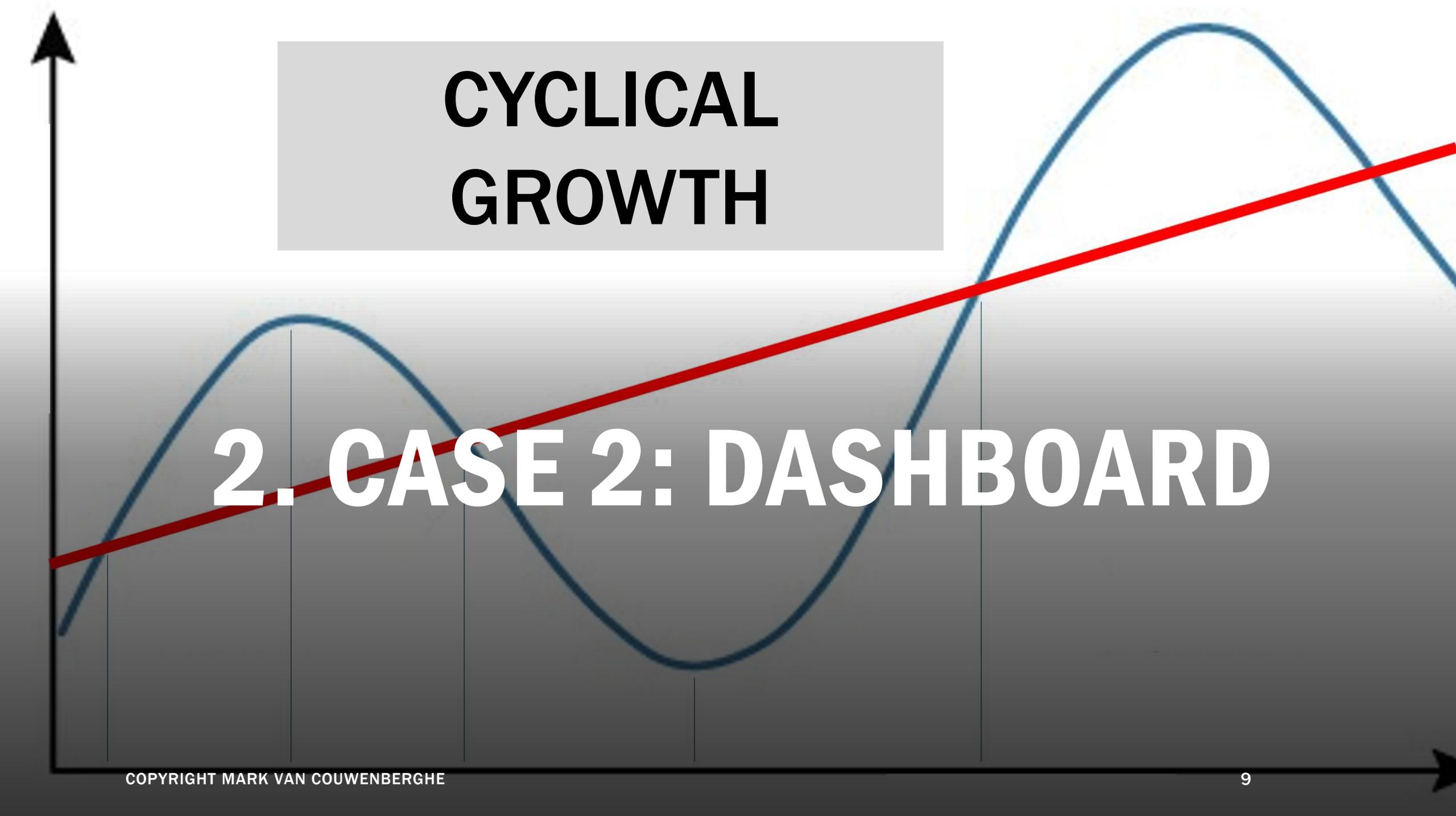
MONETARY POLICY

EXPANSIONARY

EXPANSIONARY

RESTRICTIVE

RESTRICTIVE



**CYCLICAL
GROWTH**

2. CASE 2: DASHBOARD

MACROECONOMIC DASHBOARD



**SEE SEPARATE BUNDLE
BASED ON CLASS DASHBOARD**

TYPES OF CYCLICAL INDICATORS

Leading indicators are generally the first to reveal the direction of macroeconomic activity over the medium term.

Normally, they enter the next phase an average of six months earlier than indicators that run parallel to the economic cycle.

EXAMPLES:

- Consumer confidence, business confidence as sentiment factors

ANOTHER EXAMPLE:

- Temporary agency work, due to its temporary nature

TYPES OF CYCLICAL INDICATORS

Concurrent or coinciding indicators are indicators that are most closely related to the rise and fall of macroeconomic activity over time.

EXAMPLES: inflation, GDP (C, I, G, X, M), financial markets

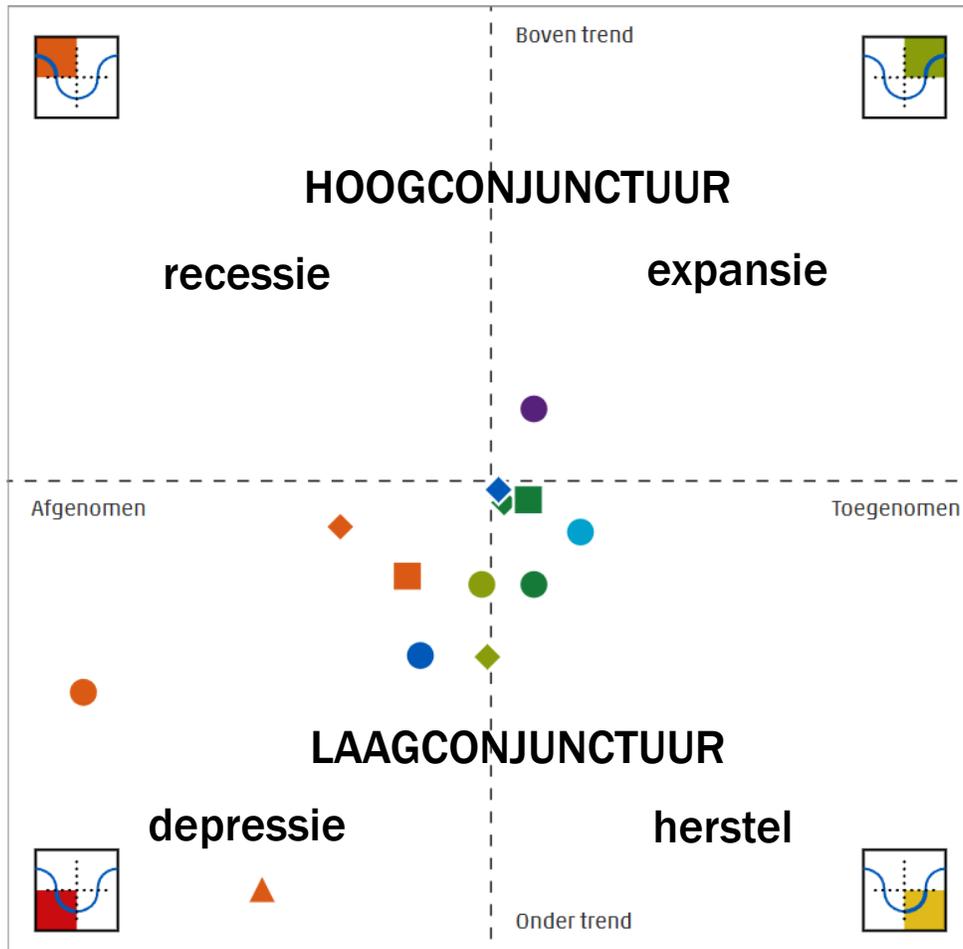
Finally, there is a third group: **lagging indicators**.

EXAMPLE: unemployment

RELATIONSHIPS BETWEEN CYCLICAL INDICATORS

1. CYCLICAL CLOCK

<https://www.cbs.nl/nl-nl/visualisaties/dashboard-economie/conjunctuurklok>



- | | |
|-------------------------|-------------------------|
| ● Consumentenvertrouwen | ◆ Producentenvertrouwen |
| ● Consumptie | ◆ Investerings |
| ■ Uitvoer | ● Faillissementen |
| ◆ Productie | ● Gewerkte uren |
| ◆ Omzet uitzendbranche | ■ Vacatures |
| ▲ Werkloosheid | ● Prijzen koopwoningen |
| ● Bbp | |

RELATIONSHIPS BETWEEN CYCLICAL INDICATORS

2. OTHER RELATIONSHIPS

RELATIONSHIP	EXPLANATION
BETWEEN INTEREST AND INFLATION	
BETWEEN INTEREST AND THE STOCK MARKET	
BETWEEN GDP AND OIL PRICE	

RELATIONSHIPS BETWEEN CYCLICAL INDICATORS

2. OTHER RELATIONSHIPS

RELATIONSHIP	EXPLANATION
BETWEEN DOLLAR AND OIL PRICE	
BETWEEN DOLLAR AND PRICE OF GOLD	
BETWEEN INFLATION AND UNEMPLOYMENT	

RELATIONSHIPS BETWEEN CYCLICAL INDICATORS

2. OTHER RELATIONSHIPS

RELATIONSHIP	EXPLANATION
TUSSEN BUDGET DEFICIT AND DEBT RATE	
BETWEEN INTEREST AND BUDGET DEFICIT	
BETWEEN INTEREST AND DEBT RATE	

RELATIONSHIPS BETWEEN CYCLICAL INDICATORS

2. OTHER RELATIONSHIPS

RELATIONSHIP	EXPLANATION
BETWEEN EURO AND TRADE BALANCE	

Cyclical growth analysis becomes more complex due to geopolitical factors (e.g., wars) and spillover effects.

A 'spillover effect' refers to the impact that the performance of one economic sector or country can have on another sector or country.

(Example: the 2007-2008 financial crisis that originated in the US and spread to Europe.)