Wilkins case

Business

Economic indicators are statistics that are used to Judge the way the economy is performing. There are three types of economic indicators: procyclic, countercyclic and acyclic. Procyclic indicators move in the same direction as the economy.

Countercyclic indicators will move in the opposite direction to the economy: when the economy weakens, a countercyclic indicator will strengthen, and vice versa. Acyclic indicators reflect no indication on how the economy is performing.

In addition, the timing of the economic indicators can be leading, lagging or oincidental. Leading indicators will reflect a change in the econmy prior to the economic change. The stock market is an example of a procyclic leading economic indicator: the stock market often weakens before an economic recession and strengthens before an economic boom.

Lagging indicators will reflect a change in the economy after the economic change. The bank prime rate is considered a procyclic lagging indicator: coincidental.

Leading indicators will reflect a change in the economy prior to the indicator: the stock market often weakens before an economic banks raise their rime rate when the economy is performing well and reduce their prime rate when the economy is struggling. A coincidental indicator moves at the same time as the economy. Real and nominal GDP are procyclic coincidental economic indicators: the GDP rises and lowers at the same time as the economy.