6 External influences and the cycle – Part 1

Name: ______________ Class: __________ Date: ____________

Vocabulary 词汇

Write each word three times. 把每个单词抄写三遍。

English	中文	Write it 3 times (English)		
External influences	外部影响			
business cycle	经济周期			
boom	繁荣			
recession	衰退			
slump	萧条			
recovery	复苏			
interest rate	利率			

Recall

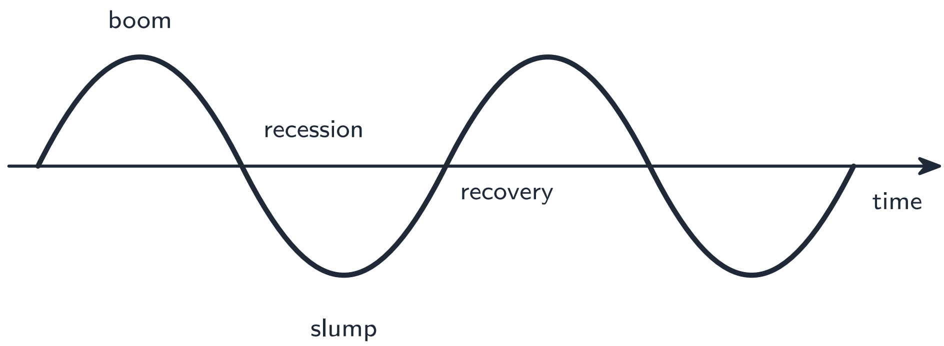
A business cannot control everything. **External influences** 外部影响 are forces outside the firm — like the economy — that it must watch and adapt to.

New ideas

Read these first, then do the Practice.

■ 1 The business cycle

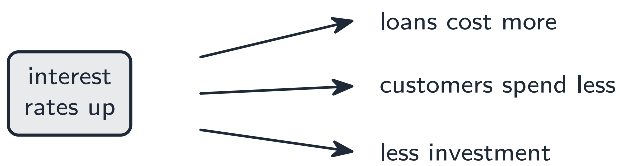
The **business cycle** 经济周期 is how the whole economy rises and falls over time, in four stages:



boom 繁荣 (fast growth) → **recession** 衰退 (falling demand) → **slump** 萧条 (a deep low) → **recovery** 复苏 (rising again).

■ 2 Interest rates

The **interest rate** 利率 is the price of borrowing. When rates **rise**:



Watch out: in a boom demand is high; in a recession or slump it falls. When interest rates *rise*, borrowing costs more — so firms invest less and customers spend less, lowering demand.

Practice

Try these in order.

6.1 What are *external influences*? [1]

6.2 Name the four stages of the business cycle. [2]

6.3 Which stage is a deep, long recession? [1]

6.4 What happens to a firm's borrowing costs when interest rates rise? [1]

6.5 Why might customers spend less when interest rates rise? [1]

6.6 Challenge. A firm that sells expensive furniture on credit notices interest rates have risen sharply. Explain why its sales are likely to fall. [2]