

Recession

Glossary

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In general usage, the word recession connotes a marked slippage in economic activity. While gross domestic product (GDP) (/help/glossary/gross-domestic-product-gdp) is the broadest measure of economic activity, the often-cited identification of a recession with two consecutive quarters of negative GDP (/help/glossary/gross-domestic-product-gdp) growth is not an official designation. The designation of a recession is the province of a committee of experts at the National Bureau of Economic Research (NBER), a private non-profit research organization that focuses on understanding the U.S. economy. The NBER recession is a monthly concept that takes account of a number of monthly indicators—such as employment, personal income (/help/glossary/personal-income), and industrial production—as well as quarterly GDP (/help/glossary/gross-domestic-product-gdp) growth. Therefore, while negative GDP (/help/glossary/gross-domestic-product-gdp) growth and recessions closely track each other, the consideration by the NBER of the monthly indicators, especially employment, means that the identification of a recession with two consecutive quarters of negative GDP (/help/glossary/gross-domestic-product-gdp) growth does not always hold. For information on recession, or business-cycle, dating, see: http://www.nber.org/cycles/jan08bcdc_memo.html (http://www.nber.org/cycles/jan08bcdc_memo.html).

Related Terms

Gross domestic product (GDP) (/help/glossary/gross-domestic-product-gdp)

Personal income (/help/glossary/personal-income)

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