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Business Cycle Dating Committee, National Bureau of Economic Research

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NBER Business Cycle Dating Committee Determines that Recession Began in July 1990

CAMBRIDGE, April 25 - The Business Cycle Dating Committee of the National Bureau of Economic Research reached the judgment today that the peak of U.S. economic activity occurred in July 1990. The current U.S. recession thus began in July 1990, in the committee's view.

The committee noted that the various indicators of economic activity normally used to determine the month of the business cycle peak were generally flat during the summer of 1990. Each of the major indicators reached a peak in a different month. During the summer, the month-to-month changes in these indicators were small.

Nonfarm payroll employment reached a peak in June. Real personal income peaked in July. Real manufacturing and trade sales peaked in August. The index of industrial production peaked in September.

The committee does not use a fixed formula to reach its conclusion about the date of a business cycle peak. It reaches a judgment based on a variety of monthly indicators.

The peak in July 1990 brought to an end the second-longest expansion in the NBER chronology, which covers U.S. history since 1854. The expansion began in November 1982 and lasted for 92 months. Only the expansion of the 1960s was longer than the most recent expansion.

The NBER also maintains a quarterly chronology of the U.S. business cycle. The committee placed the quarterly peak of economic activity in the third quarter of 1990. This implies that the current recession began in the third quarter, in the committee's view, even though some key monthly measures of economic activity were rising during most of the third quarter. The popular "rule of thumb" that defines a recession as two successive quarters of decline in real GNP plays no role in the committee's procedure.

Committee members are: William Branson, Princeton University; Martin Feldstein, NBER President; Benjamin Friedman, Harvard University; Robert Gordon, Northwestern University; Robert Hall, chairman, of Stanford University; Geoffrey Moore, Columbia University; and Victor Zarnowitz, University of Chicago.

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