

# Characteristics of Economic Fluctuations in Egypt

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## Abstract

Studying the characteristics of economic fluctuations in Egypt is considered to be of great significance, especially after the economy began to be affected by the current global economic crisis. The study presented the characteristics of economic fluctuations and their relation to some economic variables within the framework of economic models and applied studies conducted in this regard. It was ended with studying the characteristics of economic fluctuations in Egypt during the period 1974-2007 in accordance to the methodology used in this area. The methodology consisted of identifying the stability of the time series for the variables under study, using Augmented Dickey-Fuller (ADF). And applying Hodrick and Prescott Filter (HP Filter) to have the trend of the time series of the variables under study. And deducting the trend from the data to have the fluctuating part. After that the characteristics of the fluctuated part has been studied through its volatility (measuring the standard deviation) and its persistence (the application of First-order Autocorrelation), and its comovement, and if being leading or lagged or coincident with the level of economic activity (measuring Cross-Correlation) and finally the use of Granger-Causality Test to identify the direction of causality between economic variables under study and the level of economic activity in Egypt.

The results of the study were to identify the variables that policy maker can stimulate them in order to stimulate economic activity in Egypt. These variables are the gross consumption expenditure, gross investment expenditure and gross government expenditure, and the variables associated with the production which are employment and labor productivity. The economic policy maker has to choose the right tool to get out of recession, according to the speed of response of the tool used and the costs associated with using this tool.

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