

Business Cycle Synchronization of the Emerging Asian Economies with the Developed US Economy

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There is a high degree of economic and financial integration between many of the world's economies. This means that the business cycle of one country will be transmitted to the other country. Any positive or negative event will have effects in both countries. It is important to assess the degree of synchronization among countries, to assess the effect of macroeconomic shocks. There are formal methods to do so, as mentioned in the literature. It is very pertinent to better understand the influence that a partner country can exert on the trade cycle variations in the domestic economy. In this paper, we use certain basic techniques to measure the level of integration that USA shares with China and India.

Section 1 briefly introduces the trade ties between the countries followed by a literature review in section 2. In section 3, the methodology used in the paper is elaborated upon. Section 4 covers the analysis. Section 5 concludes the paper, with a brief note about the areas for further research.

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