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Impact of the Behavioral Cycle on Cash Flow Formation

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ABSTRACT

This study highlights the mechanisms of the behavioral cycle impact on the cash flows generation. The need to develop original approaches to the analysis of the behavioral cycle associated with the dominant behaviors change demonstrates the **relevance** of the research. The **aim** of the study is to determine the mechanism of the behavioral cycle impact on the actions of economic entities. The authors use the method of statistical analysis of the Rosstat data from 1998 to 2018 to test two hypotheses: 1. The behavioral cycle impacts the distribution of household income between consumption, savings, and investment; 2. The actions of economic entities with active behaviors do not always lead to further actions of economic entities with an adaptive and reactive type of behavior. The study examines the structure of the household income use and the dynamics of the index of expected changes in the economic situation in Russia in a year. The behavioral cycle has been shown to have a direct impact on consumption and investments. The economic actions of the entities are influenced by the formed dominant behaviors, as well as the macroeconomic conditions. The authors **concluded** that the behavioral cycle is not able to change the structural imbalances in the economy, however, it can increase their potential impact, since it facilitates the adoption of certain economic decisions by economic entities and largely determines the dynamics and direction of cash flows in financial markets. The behavioral cycle reflects the moods and expectations of economic entities. The behavioral cycle change occurs due to the significant actions performed by economic entities with active behaviors aimed at changing the external environment. The **results** of the study demonstrate the feasibility of developing countercyclical mechanisms for smoothing out socially unfavorable outcomes of the activities of economic entities at various phases of the behavioral cycle. The authors propose to monitor the phases of the behavioral cycle based on the analysis of the cash flow generation.

Keywords: behavioral cycle; cash flows; uncertainty; types of behavior; economic growth; Bank of Russia; monetary policy

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INTRODUCTION

The study examines the influence of the behavioral cycle on the cash flow generation. The generation of cash flow depends not only on the actual amount of funds available to an economic entity but also on the volume of transactions performed by the entity, with the amount of funds available to it.[1] The behavioral cycle reflects the dynamics of changes in the expectations and sentiments of economic agents regarding the future.[2] Subjects form expectations by analyzing incoming information. Expectations about the future lead to the formation of a dominant type of behavior that determines the further actions of economic agents.[3] Economic agents make decisions considering the current information background, their own assessments of the state of the economy, as well as the actions of other agents. For example, an employee evaluates the stability of their employment and then decides how to distribute their income between consumption and savings. The employee also needs to consider the likelihood of his dismissal, even if there is a stable employer. Thus, the employee is constantly faced with the problem of uncertainty, which affects the model of his behavior. Decision making by economic entities is significantly influenced by the educational and professional profile of the economic agent [1].

Previous experience of economic crises and significant changes in the external environment plays an important role, such as, the COVID-19 pandemic, for example. These factors determine the formation of the dominant type of behavior of economic agents, which affect their actions. Expectations that determine the formation of a certain type of behavior tend to accumulate, which allows us to talk about the existence of periodic fluctuations in the dominant behavior of economic entities, formalized through a behavioral cycle. Stages of the behavioral cycle affects the generation of cash flows in the economy by changing the factors that determine the decisions of economic agents. By analyzing the existing stages of the behavioral cycle, it is possible to predict changes of the cash flow generation.

Soviet economists considered the issues of economic development to a greater extent from the position of changing the structure of the economy, the distribution of economic resources [2]. The choice of directions for the cash flows geberation was carried out according to the set strategic goals. This approach makes it possible to consider long-term deep economic trends that form the general direction of the country's economic development. It is the structure of the economy and its imbalances that determine the emergence of economic cycles that may significantly change the overall dynamics of the country's development. However, this approach practically does not take into account the distorting effects associated with changes in the dynamics of the behavior of economic entities. Cyclical behavior changes may have an impact on economic development, however, the impact will be much lower compared to economic cycles. At the same time, the imposition of the behavioral cycle on the economic cycle may lead to significant crisis phenomena. The behavioral cycle will enhance all negative structural impacts of the economy. It should be noted that the behavioral cycle may also positively influence the dynamics of economic development.

Each economic agent demonstrates a type of behavior that determines his actions. The characteristics of the subject's actions, considering his type of behavior, represents a micro level analysis of the situation. In turn, the overall analysis of the characteristics of the individual behavior of the entire set of economic entities leads to understanding the dominant type of behavior at the macro lev-

[1] For example, a business entity may have 100 rubles and with its help make transactions for 1000 rubles.

[2] By economic entities are meant both individuals and legal entities. Legal entities are run by people and therefore they also have certain behaviors.

[3] The dominant type of behavior is understood as behavior (active, adaptive or reactive), which stimulates the emergence of actions (or their absence) that have the greatest impact on the dynamics of economic development at the moment.

el. The analysis of the actions of subjects at the macro level, influenced by the dominant type of behavior, determines the impact of the stages of the behavioral cycle on economic development.

The behavioral cycle fluctuations lead, first of all, to the transformation of cash flows distribution. A change in the dominant type of behavior changes the actions of an economic entity, which is expressed in a change in the share of consumption expenditures, savings, and investment. The analysis of cash flows allows us to retrospectively assess the relationship between the dominant type of behavior of economic agents and the generation of cash flows. The change in the distribution of cash flows is a key factor confirming the impact of the behavioral cycle on the macroeconomic state of the economy. In this study, consumption, savings, and investment indicators will be taken into account, when analyzing the impact of the behavioral cycle on the distribution of cash flows.

This article is divided into several sections. The first section includes a literature review, revealing the practices and the mechanism of the formation of the behavioral cycle. The key emphasis is on studying the mechanism of the impact of the behavioral cycle on macroeconomic indicators.

The second section describes the statistical indicators and the main hypotheses of the study.

The formulated hypotheses are tested using statistical analysis in the third section. Based on the results, practical recommendations for assessing the impact of the behavioral cycle on the formation of cash flows are revealed.

LITERATURE REVIEW

The study of the behavioral cycle includes the analysis of the mechanism of its occurrence and the change in the stages of the behavioral cycle, the assessment of the degree of its influence on macroeconomic indicators, the establishment of the frequency of stages [3]. The behavioral cycle is the result of the formed dominant types of behavior of subjects, which are based on human psychology. Due to its peculiarities, errors occur related to the individual motives of people and the logic behind decisions. The economic decisions of the subjects are significantly influenced by education, professional activity, and previous life experience [4]. Insufficient consideration of the human factor leads to inaccurate interpretation of economic phenomena [5]. In this regard, it is necessary to develop new approaches to increasing the degree and quality of taking into account the behavioral motives of the subjects.

People's expectations determine the mechanism of an individual choice of the subject [6]. However, it is necessary to understand that people's expectations tend to accumulate. If there is an improvement in the economic situation, then a person will also expect its improvement in the future. As a result, positive expectations about the future will accumulate, forming a dominant type of behavior. An economic agent forms certain expectations concerning any situation, and the type of behavior determines his predisposition to carry out a certain set of actions, considering the formed expectations. In turn, the formation of dominant types of behavior in a set of subjects creates conditions for the emergence of a behavioral cycle. The dominant type of behavior involves the implementation of actions that have the greatest impact on economic development.

The formation of a behavioral cycle occurs due to a change in the dominant types of behavior. Economic subjects in their activities demonstrate three main types of behavior: active, adaptive, and reactive [7]. In society, "rising" and "falling" phases of alertness appear. The change in the stages of the behavioral cycle occurs due to the actions of subjects with an active type of behavior, which identify problems and possible prospects for themselves in the structure of the economy. Subjects with an active type of behavior take preventive actions aimed at maximizing their gain. As a result, there is a change in the mar-

ket, leading to a change in the achieved balance. Observing the changes, subjects with an adaptive type of behavior take actions to preserve their accumulations. They are trying to adjust to the new economic reality. The actions of subjects with an adaptive type of behavior lead to an increase in the emerging trends in the economy. Subsequently, subjects with a reactive type of behavior perform belated actions (or do not), trying to preserve their accumulations. However, they only lose their money: subjects with a reactive type of behavior, belatedly striving to join a group of subjects with an adaptive type of behavior, lose more than other subjects. These processes accompany the economic cycle. As a result, in order to regulate economic processes, it is necessary to monitor not only the economic but also the behavioral cycle, which characterizes the behavioral predisposition of economic entities to negative or positive economic phenomena.

Due to the fact that the behavioral cycle reflects the perception of the subjects of the political and economic environment, the problem of identifying and measuring the behavioral cycle arises. One of the possible solutions is to track the main actions taken by the subject when the economic situation changes. First of all, a change in the expectations of an economic entity affects the distribution of generated cash flows. Taking into account the rate of dynamics of changes in the main financial indicators is an important source of information about the state of an economic entity [8].

When economic agents change the stage of the behavioral cycle, they change the established approaches to the formation of cash flows. In particular, economic theory assumes that a consumer disproportionately distributes his income between consumption and savings [9]. An increase in income will lead to an increase in savings but if a person foresees a worsening economic situation in the future, he will strive to save his funds by buying expensive assets. As a result of the actions of subjects with an active type of behavior, a change in the stage of the behavioral cycle may occur. An indicator of a change in the phase of the behavioral cycle is the transformation of the structure of the generation of cash flows. The change in the state of the cash flow is the result of the influence of changes in the dominant sentiments of economic agents. In this regard, the Bank of Russia should monitor their formation in order to predict further trends associated with the dynamics of the behavioral cycle. In addition to the Bank of Russia, other government agencies should also monitor the phases of the behavioral cycle. To apply this approach, it is necessary to confirm there is a connection between the behavioral cycle and the structure of using the income of economic entities.

USED DATA AND RESEARCH METHODS

The change in the phase of the behavioral cycle affects the change in the dynamics of the distribution of cash flows. This study examines the effect of the behavioral cycle on the distribution of cash flows between consumption, saving, and investment. The behavioral cycle influences the economic decisions of households to a greater extent, as they are less subject to contractual obligations and cost planning than other economic agents. Based on the formed expectations, households can quickly change the structure of their income distribution between these three categories. As a result, the following hypothesis may be generated:

Hypothesis 1. The behavioral cycle leads to a change in the distribution of household income between consumption, savings, and investment

Insufficient available data create certain challenges when testing this hypothesis. The Rosstat data on the structure of the use of income of the population (*Table 1*) will be used to test this hypothesis. Data are taken for the period from 1998 to 2018.

The indicator reflecting the volume of investment is represented by the indicator “Purchase of foreign currency”. The assumption

Table 1

Description of indicators used to confirm hypothesis 1

Indicator	Characteristic
Consumption	Consumption includes two indicators: "Purchase of goods and payment for services" and "Mandatory payments and various contributions", %
Savings	Savings includes the indicator "Saving", as well as "Increase (decrease) of currency in hands", %
Investment	Investment is represented by the indicator "Purchase of foreign currency", %
Index of expected economic changes in Russia in a year	Average values of the indicator were calculated annually, %

Source: compiled by the authors, based on the Rosstat data.

made by the authors about the possibility of using the indicator "Purchase of foreign currency" as an indicator of the volume of investments is due to the fact that when performing foreign exchange transactions, households face risks. In some cases, households may receive additional income, while in others, they may lose their savings (for example, if the dynamics of the exchange rate is unfavorable). In this regard, the direction of funds for the purchase of foreign currency may be considered as the most accessible form of investment for households.

As an indicator reflecting the dynamics of the behavioral cycle, the average values of the "Index of expected economic changes in Russia in the year" will be used. The calculation of average values is necessary to correlate the phase of the behavioral cycle with indicators of the structure of household expenditures. Verification of the hypothesis will mean the possibility of using the data on the distribution of cash flows to assess the dynamics of the behavioral cycle.

The process of changing the phases of the behavioral cycle begins with the actions of economic entities with an active type of behavior, differing in the strength of their impact on the market. In fact, there is a certain threshold level, exceeding which would mean the emergence of long-term consequences of fluctuations in the behavior cycle for economic development. An insufficient level of influence of entities with an active type of behavior will lead to fluctuations in the short term, which is expressed in the emergence of volatility in the market. As a result, the following hypothesis can be put forward:

Hypothesis 2. The actions of subjects with an active type of behavior do not always lead to subsequent actions of subjects with an adaptive and reactive type of behavior.

Subjects with an active type of behavior will tend to change the parameters of the external environment but their actions will not always be supported by subjects with an adaptive and reactive type of behavior. As a result, a change in the stage of the behavioral cycle may not occur. Thus, subjects with an active type of behavior, expecting and at the same time contributing to a change in the stage of the behavioral cycle, will take actions aimed at increasing their income, thereby influencing a change in the structure of cash flows. However, the influence may be insufficient for the change in the dominant type of behavior. This hypothesis will be tested by considering the impact of bankruptcy reports on banks' financial situation.

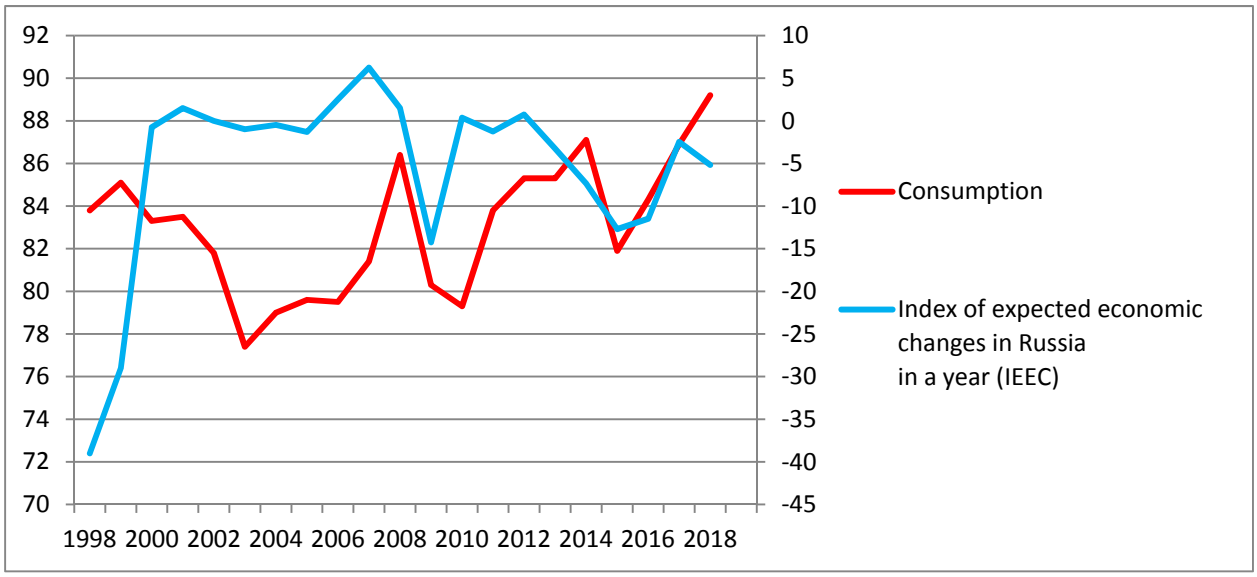

Fig. 1. **The share of consumption in the structure of the household income use, as well as the values of the index of expected changes in the economic situation in Russia in a year**

Source: compiled by the authors, based on the Rosstat data.

EMPERICAL RESULTS OF THE STUDY

To test the first hypothesis that the behavioral cycle leads to a change in the distribution of household expenditures between consumption, saving and investment, it is necessary to analyze the structure of the use of household income, as well as the dynamics of the index of expected economic changes in Russia in a year (*Fig. 1*).[4]

The data show that positive or negative dynamics of expectations is accompanied by an increase or decrease in the share of consumption. This was noticeable even before the start of the global financial crisis in 2008. The economic entities were aware of the high probability of a crisis, due to which they began to adapt their consumption in advance. Thus, the existence of a relationship between the distribution of household income for consumption and expectations about the future is confirmed. At the same time, up to 2006, there was an inverse relationship between consumption and expectations, which is probably associated with an increase in real incomes of the population, which made it possible to increase spending on savings and investments. Moreover, the national currency was strengthening, which was considered as a constraining factor for the growth of consumer prices. After 2008, there was a change in the model of consumer behavior, which may be related to the awareness of the possibility of a crisis in the economy. As a result, people preferred spending their income on consumption rather than using it for savings and investment.

It is quite an interesting fact that the share of consumption increased after 2014, which may be associated with a drop in real incomes of the population. A drop in real income may occur due to the COVID-19 pandemic. According to experts, a drop in real incomes in the first 2 quarters of 2020 could reach 18%.[5] The population strives to maintain the usual standard of living, and therefore, the share of consumption in expenditures will continue to grow. It should be noted that the potential to replace other uses of cash income is lim-

[4] The behavioral cycle in this paper is assessed using the dynamics of the index of expected economic changes in Russia in a year. It is important to understand that there are differences between expectations and behavior. Expectations lead to the formation of the type of behavior of the subject. The development of an approach to consider the dynamics of the behavioral cycle should be the subject of a separate research.

[5] URL: https://www.rbc.ru/economics/03/06/2020/5ed6803f9a79471039f22c17 (accessed on 07.09.2020).

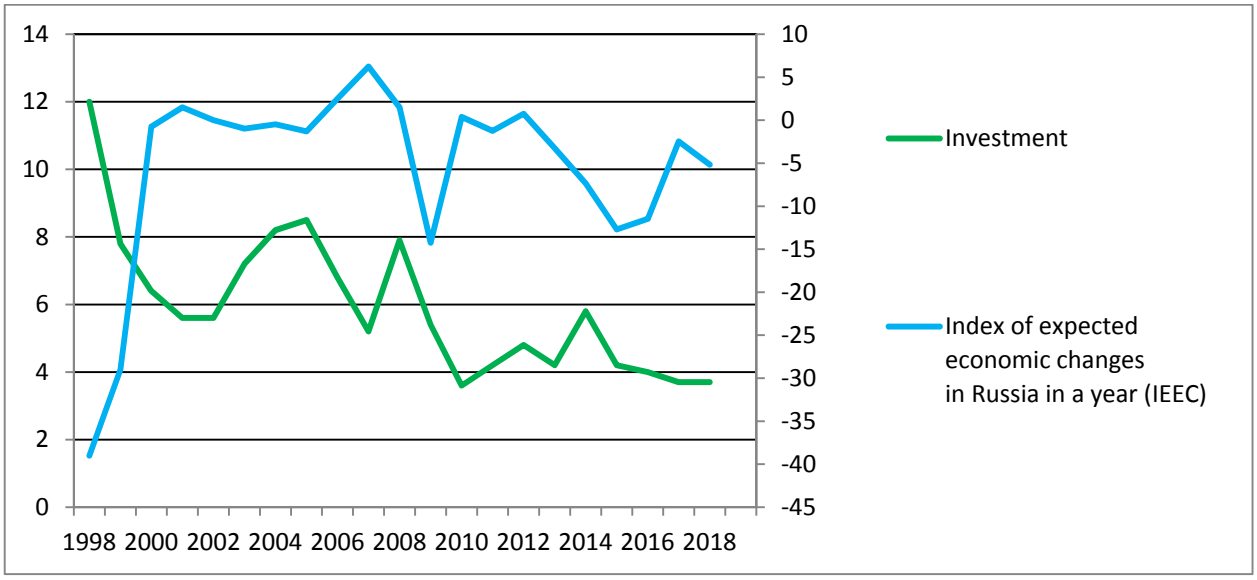

Fig. 2. **The share of investments in the structure of the household income use, as well as the values of the index of expected changes in the economic situation in Russia in a year**

Source: compiled by the authors, based on the Rosstat data.

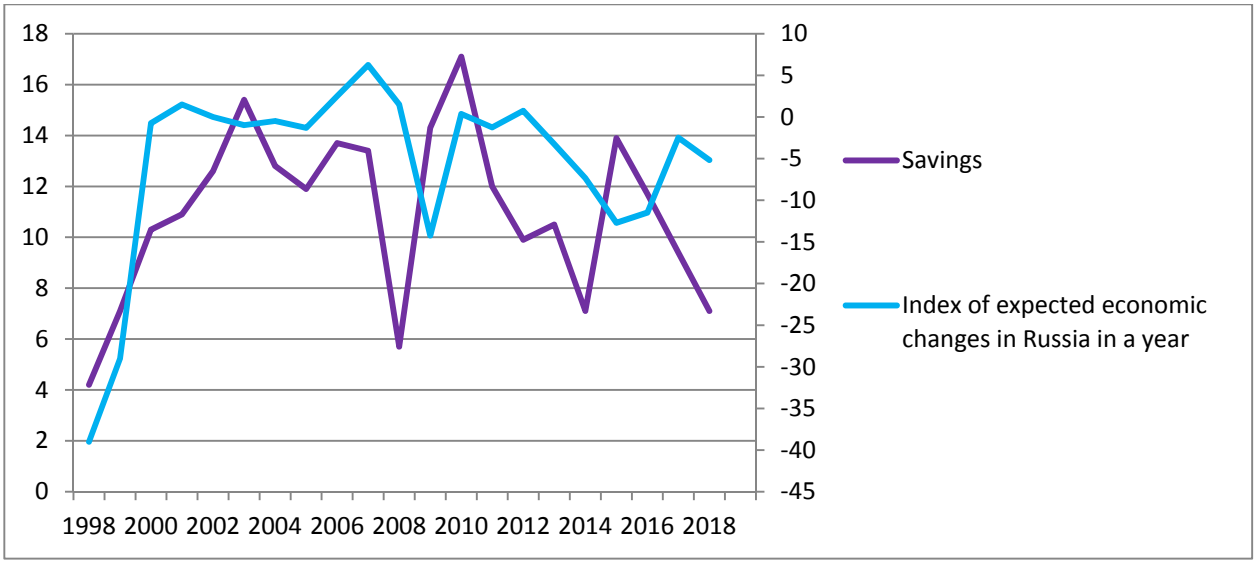

Fig. 3. **The share of savings in the structure of the household income use, as well as the values of the index of expected changes in the economic situation in Russia in a year**

Source: compiled by the authors, based on the Rosstat data.

ited. The share of consumption, according to Rosstat, in 2018 amounted to 89.2%, of which 77% accounted for the purchase of goods and payment for services, and 12.2% — for the payment of mandatory payments and various contributions.

If we look at the dynamics of investments, it is obvious that when expectations deteriorate, the volume of household investment increases, and when expectations improve, investment decreases (*Fig. 2*). The latter is probably due to the fact that investments in this study are represented by the indicator "Purchase of foreign currency" (buying foreign currency is indeed the most accessible form of investment for ordinary Russian households). Changes in the behavior model of households in relation to investments did not take place

after 2014 either. The latter may be related to the accumulated experience of default of 1998, the global financial crisis of 2008. Investment in foreign currency are considered by households as the most profitable and affordable.

If we look at the share of savings in the structure of the use of funds by households, we can also see a certain dependence (*Fig. 3*). Moreover, the change in the share of savings occurs earlier than the change in expectations. Thus, it can be assumed that households form their estimates for the future based on the analysis of information on the share of income used for savings. Reducing the ability of households to direct income to savings leads to a change in their expectations about the future and as a result of the dominant type of behavior.

Obviously, a change in the expectations of economic entities leads to the formation of a dominant type of behavior that determines the actions of households in the distribution of income between consumption, saving, and investment. The behavioral cycle has a direct impact on consumption and investment rates. Thus, the hypothesis about the impact of the behavioral cycle on the distribution of household income between saving, consumption, and investment is confirmed.

The scale of the impact of subjects with an active type of behavior on the economic situation depends on the existing stage of the behavioral cycle, as well as on the real macroeconomic conditions. In this case, the accumulation of the previous experience of the crisis occurs. An example of such a situation is several information attacks on the banking sector by sending SMS messages about the imminent bankruptcy of a bank, as well as by posting this information on the Internet (*Table 2*). Initially, such messages lead to spontaneous actions of depositors seeking to withdraw funds. However, the refutation of information in most cases helps to avoid spontaneous reactions from subjects with adaptive and reactive behavior. The latter, among other things, is due to the fact that the information provided was not confirmed by the economic state of the bank, which is why some subjects with an adaptive and reactive type of behavior decided not to take spontaneous actions but to wait for an official statement from the bank.[6]

If the subjects form expectations that are not met, then the next time a similar economic situation arises, a change in the dominant type of behavior may not occur. In the future, having received information about the bankruptcy of the bank, depositors will additionally check the information and not take early actions to withdraw cash.

The heterogeneity in the actions of subjects with different types of behavior can be demonstrated by analyzing the dynamics of exchange trade indicators and the dollar exchange rate for "tomorrow" settlements, taken into account for the period from May 27, 2014 to November 30, 2016. (*Fig. 4*). It is obvious that with the growth of the dollar exchange rate, the turnover of the US dollar also increased. At the same time, the turnover peak (October 30, 2014) was reached before reaching the maximum value of the dollar exchange rate in 2014. This is probably due to the fact that the turnover growth was caused by the actions of subjects with an active type of behavior, "shaking up" the market but not finding support at the moment from subjects with an adaptive type of behavior.

With the next peak increase in the dollar exchange rate in 2015, the turnover peak coincided with the maximum value of the US dollar rate paired with the Russian ruble, which may be due to the fact that, in addition to subjects with an active type of behavior, some subjects with an adaptive type of behavior started to carry out transactions. At the same time, the turnover volume did not reach the peak values of 2014, which is probably because the increase in turnover was not supported by all subjects with an adaptive type of behavior, as well as partially by subjects with a reactive type of behavior. In 2016, the dollar was grow-

[6] All listed banks continue their activities at the present time.

Table 2

Examples of inaccurate bank bankruptcy messages

Name of the bank	Case description	Source
Guyana Bank for Trade & Industry	In 2009, a message appeared on the Internet that the bank had asked for emergency financial assistance from the government. It resulted in a panic among the depositors, which was stopped when the information was officially refuted	URL: https://www.securitylab.ru/news/369254.php
"Vozrozhdenie Bank" (PAO)	In 2013, there was a false report about the bankruptcy of Vozrozhdenie Bank. As a result, the depositors withdrew some of the funds. The bank secured sufficient cash in ATMs to demonstrate its solvency	URL: https://www.kommersant.ru/doc/2324712
AKB "Almazergienbank" AO	In 2014, there was information about the bankruptcy of the bank, which was refuted by the official statement letter on the Internet	URL: https://albank.ru/ru/news/?ELEMENT_ID=487
PAO "AK BARS" BANK	In 2017, information appeared about the revocation of the bank's license. This information was later refuted	URL: https://kazan.aif.ru/money/banks/ak_bars_bank_oproverg_informaciyu_ob_otzyve_licenzii

Source: compiled by the authors.

ing and significantly increasing its turnover again. In this case, it can be concluded that the actions of subjects with an active type of behavior were also supported by subjects with an adaptive and reactive type of behavior. However, this situation was not observed in all cases of changes in the US dollar exchange rate over the period under review.

Thus, the hypothesis is confirmed that the actions of subjects with an active type of behavior do not always lead to significant actions on the part of subjects with an adaptive and reactive type of behavior. In the case of reports on bank bankruptcies, bank employees published refuting counterinformation and conducted an active information policy, which made it possible to maintain the required amount of funds in bank accounts. For currency turnover, subjects with adaptive and reactive types of behavior took time to gain experience and develop their own tactics for responding to the Russian ruble exchange rate drop.

At the same time, it should be noted that a change in the dominant type of behavior, not supported by the real economic situation, may lead to significant losses for economic entities. The key indicator reflecting the change in the sentiments of economic entities is the change in the mechanism for generating cash flow. The Bank of Russia, as a mega-regulator, can monitor the current stage of the behavioral cycle to predict possible actions of economic entities. To this end, the Bank of Russia can use all available information on the cash flow generation in the national payment system, including the payment system of the Bank of Russia.[7] Particu-

[7] It should be noted that the Bank of Russia started publishing data on the state of cash flows within the Bank of Russia payment system in 2020. This analysis should be extended to all cash flows through the national payment system.

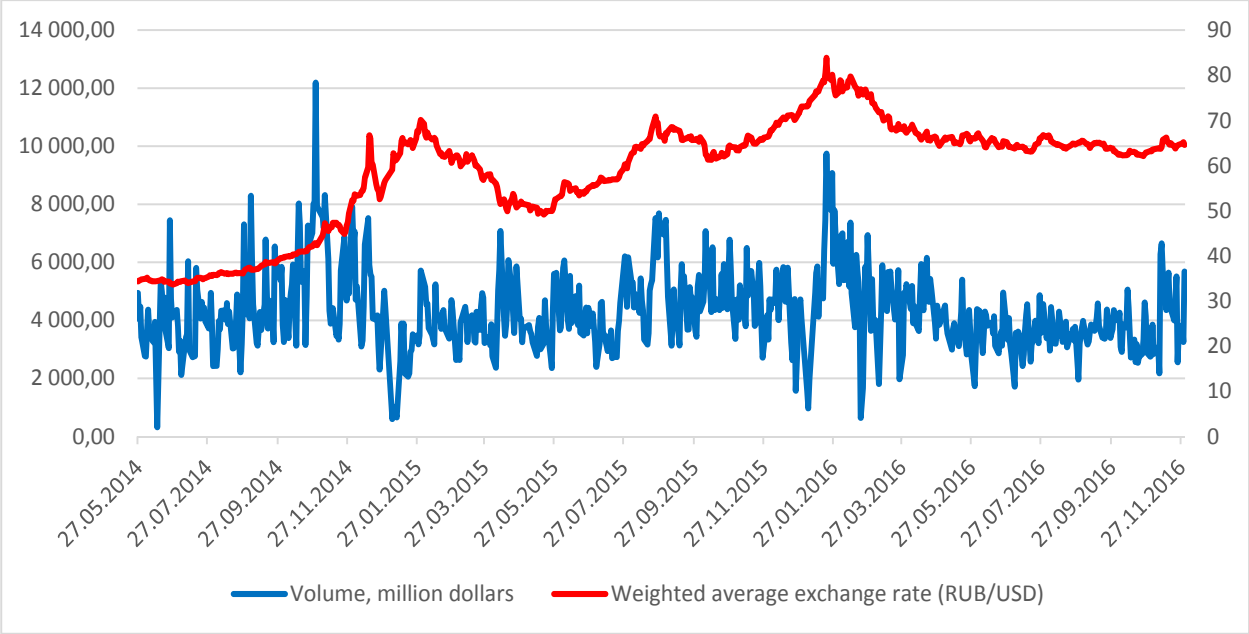

Fig. 4. **Dynamics of US dollar exchange rates and indicators of exchange trading for "tomorrow" settlements**

Source: compiled by the authors, based on the Bank of Russia data.

lar attention should be paid to indicators of cash turnover within the payment system, as well as assessing the degree of interdependence of cash flows [10].

To reduce the possible negative impact of fluctuations in the stages of the behavioral cycle, it seems appropriate to develop mechanisms to prevent spontaneous withdrawal of funds from financial institutions. For example, the latter is especially important when receiving false information about the possible bankruptcy of a commercial bank. Advances in digital technology have shortened the time between getting information and taking an action. As a result of receiving inaccurate information about the bankruptcy of the bank, depositors have the opportunity of a one-time write-off of funds from their accounts, which can lead to the bankruptcy of even a stable bank. To counter negative factors, it is advisable to continue work on developing approaches to setting limits on withdrawals, including requirements for confirming transactions for large transfers via SMS messages, etc. The banking system not only increases the time to think over a decision but also uses mechanisms that stimulate the safety of deposits in the bank. In particular, a depositor has the right to withdraw funds, but termination of the contract leads to a decrease in the amount of income received. As a result, there is less incentive to recklessly withdraw funds from bank accounts. In addition to influencing individual decisions, government agencies also use funds fixing mechanisms. For example, in the field of shared construction, escrow accounts are used, into which the shareholder deposits funds that are available for withdrawal by the developer only after the completion and commissioning of the construction object [11]. By using a cash-saving mechanism using escrow accounts, construction funding is less prone to fluctuations due to the dynamics of the behavioral cycle.

It is necessary to understand that any restrictions on money transfers should not violate the rights of economic entities to dispose of available funds. In the event that a decision is made on their withdrawal, the subjects should be able to promptly implement the decisions taken. For this, it is advisable to continue work on the development of payment instruments that may have an impact

on economic development [12]. The low level of development of the payment infrastructure will reduce the ability of subjects with an adaptive type of behavior to quickly respond to changes in the economic situation. With the growth of uncertainty, the likelihood of irrational actions on the part of economic agents increases [13]. As a result, subjects with an adaptive type of behavior will not have time to complete economic transactions in time to preserve their savings. A similar situation, in particular, took place during the 1998 default. The problem of subjects with adaptive and reactive types of behavior having no opportunity to take actions is relevant not only for households but also for other economic entities (banks, in particular) [14]. Due to the increase in the time between the receipt of information and the performance of the transaction, actions may be taken too late that increases the potential losses of subjects with adaptive and reactive types of behavior.

CONCLUSIONS

The presented research has confirmed the impact of changes in the dominant type of behavior of economic entities on certain macroeconomic parameters. It is possible to conclude that when developing state policy aimed at ensuring the sustainability of economic development, it is necessary to consider both the dynamics of the economic and behavioral cycle. It is due to the fact that fluctuations in the behavioral cycle determine the volatility of certain macroeconomic indicators. The study demonstrates the existence of a relationship between the structure of the distribution of household income between consumption, savings, investment, and the expectations of subjects regarding the situation in the future. Thus, the behavioral cycle may act as an object of public policy related to the determination of the current phase of the behavioral cycle, as well as the development of an appropriate countercyclical policy.

The existence of a behavioral cycle is associated with the possibility of accumulating expectations of economic entities regarding the future, which is due to the influence of the previous experience of economic crises, education, and professional background. It has been established that the economic actions of subjects are influenced by the formed dominant type of behavior, as well as the prevailing macroeconomic conditions. The change in the phases of the behavioral cycle occurs due to the initial actions of subjects with an active type of behavior, as well as subsequent actions of subjects with adaptive and reactive types of behavior. The formation of the dominant type of household behavior is significantly influenced by the size of the population's real disposable income. A change in the dominant type of behavior leads to a change in the actions of subjects but the existing behavioral fluctuations are limited by the size of household budget constraints. Fluctuations in the behavioral cycle, first of all, are expressed in changes in the dynamics of the cash flow generation, which depends on the individual decisions of economic entities. In this regard, information on the volatility of cash flows, which depends on the sentiments of economic agents, may be used as a strategic indicator of changes in the phase of the behavioral cycle.

Eventually, it was found that the actions of subjects with an active type of behavior do not always lead to a change in the phase of the behavioral cycle due to insufficient impact force. The strength of the impact of subjects with an active type of behavior is determined by the phase in which the impact was carried out, as well as the presence of appropriate economic prerequisites. It seems appropriate to monitor the current phase of the behavioral cycle, as well as develop tools to reduce the incentives to perform spontaneous actions. Further research should be aimed at developing approaches to monitoring the dynamics of the behavioral cycle based on macroeconomic indicators, as well as various sociological assessments.

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