Trends in the STOCK MARKET

WHAT’S WITH THE BULL AND THE BEAR?

The bull and the bear are the unofficial mascots of stock markets around the world and are used to describe MARKET TRENDS. Market trends are the upward (BULL) and downward (BEAR) patterns of the stock market over a period of time.

A BULL MARKET is a period of generally rising prices. The start of a bull market is marked by widespread pessimism. This is the point when the crowd is the most bearish. The feeling of despondency changes to hope, optimism and eventually euphoria, as the bull runs its course. This often leads the economic cycle, for example in a full recession, or before a recession starts.

A BEAR MARKET is a general decline in the stock market over a period of time. It is a transition from high investor optimism to widespread investor fear and pessimism. According to The Vanguard Group, “While there’s no agreed-upon definition of a bear market, one generally accepted measure is a price decline of 20% or more over at least a two-month period.”

The bullish investor buys up lots of stock and is optimistic about the future.

The bearish investor sells lots of stock and tends to be pessimistic about the future.

TYPICAL BULL MARKET

8.5 YEARS » 458% RETURN

A typical bull market lasts 8.5 years, with average annual gains of 14.9% to 34.1%. This adds up to average total returns of 458% per bull market period!*

TYPICAL BEAR MARKET

1.3 YEARS » -41% LOSS

A typical bear market lasts 1.3 years, with average annual declines ranging from -19.7% to -47%. This equals an average decline of -41% per bear market period!*

INVESTING CAN BE RISKY

Investments made in stocks or commodities carry the risk of losing money, even when made through a financial advisor or financial institution.

*Bellwether Federal Credit Union

www.bccu.org/adulting

*Findings from an analysis of stock market data from 1926 to 2014 by Morningstar

It’s a Money Thing is a registered trademark of Currency Marketing