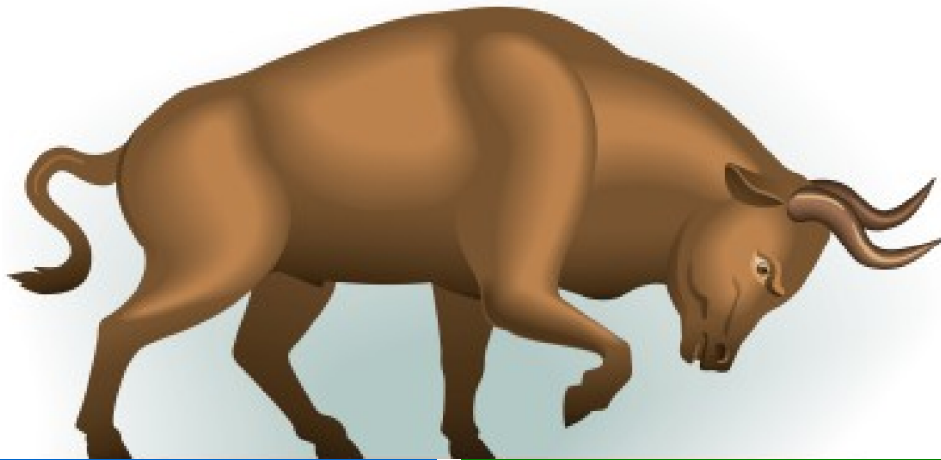


# Unit Two:

# Bull and Bear Markets



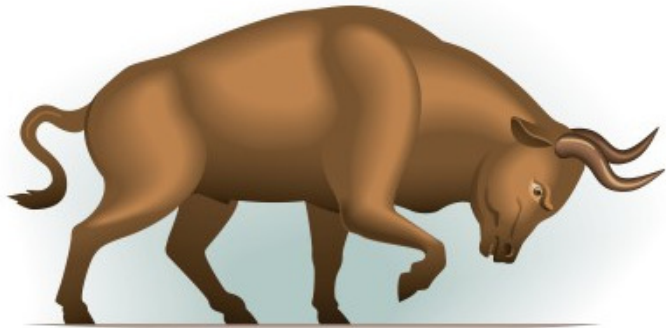
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# What are “bull” and “bear” markets?

Bulls and bears represent how the stock market is doing at any given time. A **bull market** means that investors are positive about the financial markets. A **bear market** means that investors are more pessimistic about the financial markets.



Good



Bad

# Bull Markets



## Traits of a bull market:

- Growth in the economy
- High stock prices
- More stocks traded
- Lots of new stocks
- High consumer confidence
- Strong market indicators

Technically, a bull market happens when the overall performance of the stock market is up by 20%.

# Bear Markets



## Traits of a bear market:

- Decline in the economy
- Low stock prices
- Fewer stocks traded
- Fewer new stocks
- Low consumer confidence
- Weak market indicators

A bear market happens when the overall performance of the stock market is down by 20%.

# How did the markets get their names?

There are many theories about how the **bull** and **bear** became the mascots of the stock market.



Most people say this is because of the way bulls and bears fight. Bulls thrust their horns up, and bears swipe their paws down.

# What to Do in a Bull Market



When the economy is facing a bull market, you need to:

- ❑ Choose stocks in industries that are expected to rebound after a bear market.
- ❑ Look for bargains early on to sell when the stock market begins to slow down.
- ❑ Take a chance on risky stocks that have high growth potential.
- ❑ Invest outside of the stock market, since typically the economy is doing well.

# What to Do in a Bear Market



When the economy is facing a bear market, you need to:

- ❑ Choose stocks in industries that are more stable, so you don't lose much money in the fall.
- ❑ Sell your risky stocks at the beginning of the bear market to extract the most money possible.
- ❑ Think about the things that people will need no matter what, and buy stocks for those items.
- ❑ Maintain other investments like CDs and savings accounts to ensure you always have money.

# How to Tell a Bear Market Is Coming

A **bear market** happens after a long stretch of economic loss. Don't assume that one is happening because your stocks lose value for a day or two.

It takes months and sometimes years of progressive decline before the stock market is considered a bear market.

Wait a little while before making any quick decisions about your stocks. They may just need a time to recover over a few financial quarters.

