

Bull Market and Bear Market

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Bull Market

- A bull market is a period of several months or even years during which stock prices are consistently rising or are expected to rise. Example of a bull market is during the period of December 2011 and March 2015 in Indian stock markets where Sensex surged up by more than 98%.
- The term bull market is usually used in reference to the stock market and can be applied to anything that is traded, such as bonds, real estate, currencies, and commodities.
- In the financial world, the bull market is used to describe the economic environment of a country that is growing and optimistic.
- This is the reason why you hear about investors who are confident in the stock market being described as being bullish.

Indicators of a Bull Market

- Gross Domestic Product (GDP) of the Country Increases
- Rise in Stock Prices
- Employment Rate in the Country Increases

Bear Market

- A bear market is the opposite condition of the bull market.
- A bear market is a period of several months or even years during which stock prices are consistently declining or are expected to decline. The most recent example from Indian stock market would be between the period of March 2015 and February 2016 where Sensex dropped by more than 23%.

- It describes an economic trend where there is stagnation or a downward trend in the economy, people's confidence in the economy is low, and more people are selling stock than buying.
- A bear market is a good indicator of a recession i.e. a long-term period of negative growth.

Indicators of a Bear Market

- Unemployment Rate Is High
- Fall in Stock Prices

Circuit Breakers

- Circuit breakers are triggered to prevent markets from crashing which happens when market participants start to panic induced by fears that their stocks are overvalued and decide to sell their stocks.