WHAT IS A BEAR MARKET???

A period where the prices are seeing a long term downtrend, it occurs when broad market prices fall at least 20% from the most recent high over a few months. The notion usually characterises the stock market, but can also be used for the currency, commodity, crude materials, and real estate markets, as well as other branches of economy.

The bear market is the direct opposite to the bull market we have already told you about. During this phase, the prices of most stocks are falling, dragging behind stock indices. In other words, there is a downtrend: new lows are set regularly, and small local highs turn out to be lower than the previous ones.

While there have been several bear markets in U.S. history, the economy generally spends more time expanding than contracting. This means that the market spends more time as a bull than a bear. Since less time is spent in bear markets than bull markets, they tend to become highly publicized occurrences, such as (The Great Depression) the bear market was the worst in U.S. history. The Dow fell 90% in less than four years, peaking at 381 on September 3, 1929, and falling to 41.22 by July 8, 1932. The major event behind the bear was the 1929 stock market crash. This crash followed the popping of an asset bubble caused by a financial invention called "buying on margin." This allowed people to borrow money from their broker and only put down 10% to 20% of the stock value. It's generally accepted by industry experts that there have been around 26 bear markets since 1929.