



## Bear Markets

A bear market is a period of declining stock prices that can last several months to a few years. Bear markets are usually defined as a drop of more than 20% from the recent high in the indices (S&P 500, Dow 30, Nasdaq, etc.).

A bear market can occur due to various factors, such as economic recession, high-interest rates, and rising inflation. During a bear market, investor sentiment becomes negative, and they become more cautious, causing a decrease in demand for stocks. This decrease in demand leads to a fall in stock prices, further amplifying negative sentiment and contributing to a vicious cycle of declining stock prices.

It is important to note that during this period, stocks may fall even if their underlying financial performance is intact. Since the sentiment is exceptionally negative, bear markets could be a fantastic opportunity to purchase a great company at an excellent valuation

For new investors, keeping a long-term perspective when investing in the stock market is important. While bear markets can be complex, they are often followed by bull markets, in which stock prices rise, and investor sentiment becomes positive. It's important not to make investment decisions based on short-term market fluctuations but to consider a company's long-term potential.

Here is a chart of bear markets since 1928 that can be found at [www.yardeni.com](http://www.yardeni.com):

Yardeni Research, Inc.  
www.yardeni.com

**Table 2: S&P 500 Bear Markets Since 1928\***

Peak Date	Trough Date	Peak Price	Trough Price	Percent Loss	Number Of Days**
9/7/1929	11/13/1929	31.92	17.66	-44.7	67
4/10/1930	6/1/1932	25.92	4.40	-83.0	783
9/7/1932	2/27/1933	9.31	5.53	-40.6	173
7/18/1933	10/21/1933	12.20	8.57	-29.8	95
2/6/1934	3/14/1935	11.82	8.06	-31.8	401
3/6/1937	3/31/1938	18.68	8.50	-54.5	390
11/9/1938	4/8/1939	13.79	10.18	-26.2	150
10/25/1939	6/10/1940	13.21	8.99	-31.9	229
11/9/1940	4/28/1942	11.40	7.47	-34.5	535
5/29/1946	10/9/1946	19.25	14.12	-26.6	133
6/15/1948	6/13/1949	17.06	13.55	-20.6	363
7/15/1957	10/22/1957	49.13	38.98	-20.7	99
12/12/1961	6/26/1962	72.64	52.32	-28.0	196
2/9/1966	10/7/1966	94.06	73.20	-22.2	240
11/29/1968	5/26/1970	108.37	69.29	-36.1	543
1/11/1973	10/3/1974	120.24	62.28	-48.2	630
11/28/1980	8/12/1982	140.52	102.42	-27.1	622
8/25/1987	12/4/1987	336.77	223.92	-33.5	101
3/24/2000	10/9/2002	1527.46	776.76	-49.1	929
10/9/2007	3/9/2009	1565.15	676.53	-56.8	517
2/19/2020	3/23/2020	3386.15	2237.40	-33.9	33
1/3/2022	10/12/2022	4796.56	3577.03	-25.4	282

\* Bear markets are declines of 20% or more.  
\*\* Number of days includes weekends and holidays.  
Source: Standard & Poor's Corporation; Haver Analytics.