



Bear and Bull Markets

Why in News

Recently, the many Indian indices including NSE Nifty index have entered into '**bear market**' territory in the backdrop of [the declaration of the coronavirus outbreak a pandemic by the World Health Organisation \(WHO\)](#).

Bear Market

- A bear market refers to the market where **share prices are continuously declining**.
- Its downward trend makes **investors believe** that the **trend will continue**, which, in turn, perpetuates the **downward spiral**.
- It is considered **riskier to invest** in a bear market, as many equities lose value. Thus, most investors **withdraw their money from the markets**.
- During a bear market, the **economy slows down** and **unemployment rises** as companies begin laying off workers.

Bull Market

- A bull market refers to a market that experiences a **sustained increase in market share prices**.
- It **ensures investors** that the **uptrend will continue** over the **long term**.
- It signifies that the country's **economy is strong** and **employment levels are high**.

[Source:ET](#)

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