

# Bear Market Lessons

Investing with BOOM traders



## 6 common characteristics



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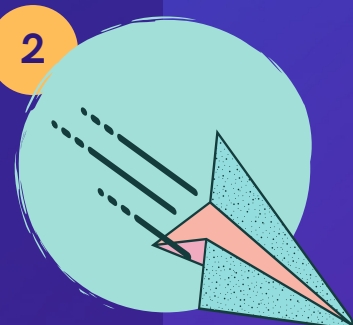
### Characteristics of Bears Markets

Average length of a bear market is 19 month  
With average depth in the S&P500 of -41%  
and depth in Nasdaq Composite of -46%

### How do we fall?

On average the bear markets have 3 legs down. Leg 2 and Leg 3 are the most severe and average -28% depth. The bear market rallies follow a tendency to be 50% of the leg down before them.

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### Follow Through Day (FTD) Rally

The FTD bounce on average lasts 6 weeks of strong rally. The average rally gain before a meaningful pullback has been 26%



### Post Follow Through Day Pullback

The pullback after the FTD Rally happens for about 6 weeks and corrects on average -11%. General characteristic is that it pullback only 45% of the FTD rally. Example: If we have FTD rally of 25% the Post FTD Pullback is -11%.

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### Long term uptrend

The most exciting thing about bear markets is the strong bull markets afterwards. The general uptrend after a bear market has lasted 12 months and has average gain of 42% from the Post FTD Pullback low.



### Pro tip

If you trade within a bear market watch and measure the rallies of a FTD. If they start nearing 50% of the drawdown be extra conservative on making new trades. On the way down there are multiple FTD fails.

6

