

Elements of the Economic Cycle

Our economy has natural rhythms. ¹[Success in financial markets is about understanding the bigger picture.](#) This 'larger picture' is the very essence of the economic cycle.

Like the ebb and flow of tides, our economy swells and contracts through economic seasons. This knowledge is crucial for understanding finance and making appropriate decisions with your money.

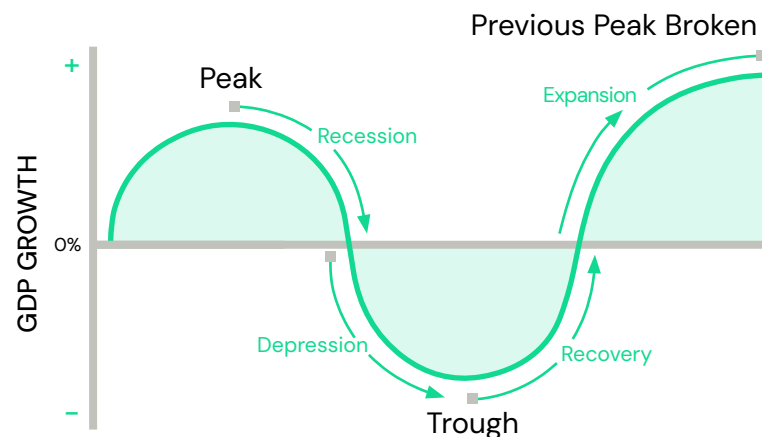
²[Understanding the cycle](#) is not just about weathering downturns; it's about capitalizing on peaks and preparing for troughs. Use this resource to help gain a general understanding.

Discover the pattern

The elements and related signs of each market cycle are:

The Economic Cycle

Peaks, Troughs and Recovery



1 Expansion

- Securities steadily increase in value
- Unemployment rates drop

2 Peak

- The number of 52-week highs declines
- Market confidence begins to waiver

3 Recession

- Consumer spending is reduced
- Unemployment rates increase
- Market volatility increase

4 Market Depression

- Unemployment rates substantially increase
- Bankruptcies increase
- Available credit from banks decreases

5 Trough

- Public market confidence is very low
- Market cycle is lowest

6 Recovery

- Securities show signs of trending up
- Public confidence around markets increases

Application

You might think of navigating retirement like sailing a boat. The winds and tides are constantly changing, but experienced sailors can still reach their destination if they recognize shifts and know how to adjust to new challenges they may encounter. With the unpredictability surrounding market cycles, the best thing you can do is work with your advisor to create an investment strategy that you are comfortable with and which helps you achieve your retirement goals.

Work With Your Advisor

to create an
investment
strategy

¹Cyclical Industry: What It Is, Characteristics, and Examples (investopedia.com)

²Business Cycle - Definition, How to Measure and 6 Different Stages (corporatefinanceinstitute.com)

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