

Market Cycles – Where Are We?

Managing Your Money

LYNN MacNEIL



The recent bumpiness in the stock market has been some of the most intense since April, and naturally people are wondering: are these just normal ups and downs, or the early signs of the correction everyone keeps talking about?

Investment markets move in patterns. They're not perfectly predictable, but they repeat often enough that we call them cycles. They show up in stocks, bonds, real estate, commodities, and even in private investments. For everyday investors, simply recognizing the cycle can help you make calmer, more confident decisions, especially when headlines sound dramatic.

“Even experts rarely nail the timing because markets are driven by human behavior, and emotions can turn quickly.”

Let's take a closer look at how these cycles unfold, what history tells us, and whether it's really possible to know where we stand right now.

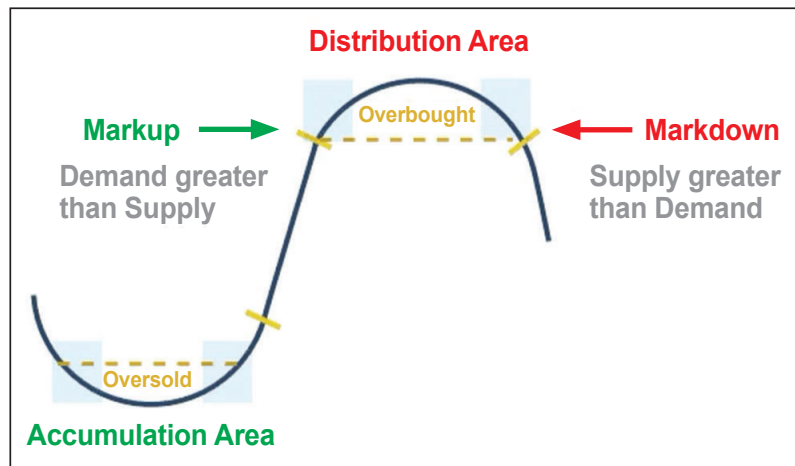
Think of the market like a long roller-coaster ride with four stages:

Accumulation: after a downturn, prices are low, news is gloomy, but patient investors quietly start buying.

Markup: confidence grows, earnings improve, optimism spreads, and prices climb faster.

Distribution: Markets feel great, headlines cheer “record highs,” and experienced investors start trimming back.

Markdown: A shock or shift triggers selling, fear rises, prices fall and eventually bargains re-emerge.



Then the cycle (or ride) starts again.

We've seen this pattern countless times: the roaring late-1990s tech boom followed by the 2000 crash, the strong housing surge before 2008's financial crisis, and the quick but brutal plunge in early 2020 during the pandemic. The details differ, but the emotional rhythm - excitement, confidence, denial, fear - stays the same.

This same pattern or cycle logic shows up in other markets too, though the drivers may differ. Consider the office real estate market before COVID-19. Many major city office markets were near peak valuations, with high rents and strong demand. Then the unpredictable happened. The pandemic struck, remote/hybrid work surged, occupancy dropped and office assets lost value. That was the trough or deep correction phase. Now, as companies push for return to office, leasing activity is improving, the pipeline of new office space is dropping, and we are seeing early signs of recovery in the office-asset class. This is a classic cycle example.

Many investors wish for a crystal ball: “When will the crash come? How long until the next downturn?”. Certain warning signs, such as high debt, stretched valuations, and overly optimistic sentiment can hint at increased risk. But even experts rarely nail the timing because markets are driven by human behavior, and emotions can turn quickly. Shocks like pandemics or geopolitical events simply can't be forecast.

As a Portfolio Manager, I'm being asked more often these days “where are we in the cycle?”. The honest answer is that we usually only know for sure after the fact. Markets move fast, while economic data moves slowly. By the time the evidence clearly shows a peak or trough, prices have often already adjusted. Still, there are clues. When everyone is convinced markets “can't lose,” that's usually a late-cycle sign. When nobody wants to open an investment statement, that's often the bottom. As Warren Buffett famously said: “Be fearful when others are greedy, and greedy when others are fearful.”

Right now, stock market valuations are above average, and bond yields remain high. That suggests we may be in the later stage of the cycle—call it “optimistic but cautious.” But only time will confirm that.

So what should investors be doing right now? Sticking to fundamentals sounds boring, but it's the truth.

Recognize that cycles exist. They're not a reason to panic—just a reminder that markets move in seasons, and change is normal.

Don't try to time perfectly. Even professionals rarely get it right. Focus on good habits, not perfect predictions.

Be prepared for opportunities. Downturns can feel uncomfortable, but they're also where long-term wealth is often built. Having some liquidity or flexibility in your investment plan means you're ready to act when quality assets go “on sale.”

Like and Follow our Facebook Page for more tips and valuable content!



Another favorite Warren Buffet quote is: “Cash combined with courage in a time of crisis is priceless.”

Diversify across asset classes. Stocks for growth, bonds for stability, cash for flexibility, and alternatives for balance. A mix helps smooth out the ride no matter where we are in the cycle.

Build in a margin of safety. The future is always partly unknown—so give yourself room for error. That might mean keeping extra cash, avoiding over-leverage, or choosing investments that won't break your plan if things get bumpy.

Stay long-term focused. The biggest rewards often come from staying invested through the noise, not jumping off the roller coaster halfway through. Time in the market still matters more than timing the market.

Market cycles are part of life—like seasons in the economy. We can't stop winter from coming, but we can dress for the weather. This year, it showed up earlier than expected, and many found themselves unprepared despite knowing it was coming.

“The biggest rewards often come from staying invested through the noise, not jumping off the roller coaster halfway through.”

Right now, we're likely somewhere between late fall and early winter in the market cycle – cool winds, early frost, but not a full-blown storm. The signs of a maturing cycle are here, but the economy hasn't tipped into contraction, in fact we continue to see expansion and positive sentiment in many global markets. The point isn't to predict the next storm. It's to stay prepared, diversified, and grounded no matter which way the wind shifts.

Understanding cycles helps us see the bigger picture, stay steadier through the noise, and make decisions that support your goals in every season.

Note: For more tips and insights on managing your wealth, follow me on my Facebook page **MVE Wealth**.

Lynn MacNeil, F.P.L., CIM®, is a Senior Wealth Advisor and Portfolio Manager with Richardson Wealth Limited in Montreal, with 30 years of experience working with professionals and pre-retirees. For a second opinion, private financial consultation, or more information on this topic or on any other investment or financial matter, please contact Lynn MacNeil at 514.981.5796 or Lynn.MacNeil@RichardsonWealth.com. Or visit our website at www.MVEWealth.com

The opinions expressed in this report are the opinions of the author and readers should not assume they reflect the opinions or recommendations of Richardson Wealth Limited or its affiliates. Assumptions, opinions and estimates constitute the author's judgment as of the date of this material and are subject to change without notice. We do not warrant the completeness or accuracy of this material, and it should not be relied upon as such. Before acting on any recommendation, you should consider whether it is suitable for your particular circumstances and, if necessary, seek professional advice. Past performance is not indicative of future results. Richardson Wealth Limited is a member of Canadian Investor Protection Fund. Richardson Wealth is a trademark of James Richardson & Sons, Limited used under license.