Bear market — here's what that means

- A "bear market" is when stocks see a 20 percent decline or more from a recent high — but they're also marked by overall pessimism on Wall Street.
- Since World War II, bear markets have lasted 13 months on average, and stock markets tend to lose 30.4 percent of their value.
- During those conditions it usually takes stocks an average 22 months to recover, according to analysis from Goldman Sachs and CNBC.

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It's helpful to know what a "bear market" is, because based on history it looks like we could be here for a while.

The term on Wall Street is synonymous with serious, long-lasting declines in stock markets. In numeric terms, a bear market is a 20 percent or more drop from a recent peak.

The S&P 500 hit that milestone on Monday, dropping 20 percentfrom its 52-week high. Markets have stumbled through what is usually one of their best months of the year, with indexes on track for their worst December performances since 1931, during the Great Depression.

Aside from a percentage drop, there are other, more emotional ways to measure a bear market.

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Pessimism tends to prevail. When good news isn't enough to hold off sellers and despite solid economic conditions, markets continue to tank — that's a bear market. The glass-half-full scenario is often overlooked, and any positive news seems to be forgotten by the close of trading.

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Market condition	Performance %	Length (months)	Recovery (months)
Bear Markets	-30	13.2	22
Corrections	-13	4.0	4

Source: Goldman Sachs & CNBC • Get the data • Created with Datawrapper

When do stocks bounce back?

If this bear market is anything like the last time, it could take some time to recover.

Since World War II, bear markets on average have fallen 30.4 percent and have lasted 13 months, according to analysis by Goldman Sachs and CNBC. When that milestone has been hit, it took stocks an average of 21.9 months to recover.

Even when stocks enter "correction" territory, which is defined by at least a 10 percent drop from a recent high, there's a long road to recovery. History shows corrections last four months, and equities slide 13 percent before finding a bottom.

Traders have a laundry list of things to watch heading into next year. The Federal Reserve is raising interest rates, making it more expensive to borrow money. Last week, the central bank hiked its benchmark interest rate for a fourth time this year while Fed Chairman Jerome Powell signaled it would continue to unwind its balance sheet at the current pace.

Investors are also focused on tense trade talks with China, a government shutdown that could last through the end of this week and oil prices.

Bear Markets and Corrections in the S&P 500 since WWII

Start	End	Performance %	Length (months)	Recovery (months)
Feb 46	Feb 46	-10.0	1	1.0
May 46	Feb 48	-28.0	21	28.0
Jun 48	Jun 49	-21.0	12	7.0
Jun 50	Jun 50	-14.0	1	2.0
Jan 53	Sep 53	-15.0	8	6.0
Sep 55	Oct 55	-11.0	1	1.0
Aug 56	Oct 57	-22.0	15	11.0
Aug 59	Sep 60	-14.0	14	4.0
Dec 61	Jun 62	-28.0	6	14.0
Aug 62	Oct 62	-11.0	2	1.0
Feb 66	Oct 66	-22.0	8	7.0
Sep 67	Mar 68	-10.0	5	2.0
Nov 68	May 70	-36.0	18	21.0
Apr 71	Nov 71	-14.0	7	2.0
Jan 73	Oct 74	-48.0	21	69.0
Nov 74	Dec 74	-14.0	1	2.0
Jul 75	Sep 75	-14.0	2	4.0
Sep 76	Mar 78	-19.0	17	17.0
Sep 78	Nov 78	-14.0	2	9.0
Oct 79	Nov 79	-10.0	1	2.0
Feb 80	Mar 80	-17.0	1	4.0
Nov 80	Aug 82	-27.0	20	3.0
Oct 83	Jul 84	-14.0	9	6.0
Oct 87	Dec 87	-31.0	2	19.0
Jan 90	Jan 90	-10.0	1	4.0
Jul 90	Oct 90	-20.0	3	4.0
Oct 97	Oct 97	-11.0	1	1.0
Jul 98	Aug 98	-19.0	1	3.0
Jul 99	Oct 99	-12.0	3	1.0
Mar 00	Oct 02	-49.0	31	56.0
Nov 02	Mar 03	-15.0	3	2.0
Oct 07	Mar 09	-57.0	17	49.0
Apr 10	Jul 10	-16.0	2	4.0
Apr 11	Oct 11	-19.0	5	5.0
May 15	Aug 15	-12.0	3	11.0
Nov 15	Feb 16	-13.0	3	4.0
Jan 18	Feb 18	-12.0	1	6.0
Bear Markets		-30.4	13	21.9
Corrections		-13.2	4	3.7

— CNBC's Michael Santoli contributed to this report.