A 10-MINUTE GUIDE

# The market cycle in four layers

*How to know which phase of the market you are in — without guessing.*

FGA RESEARCH & ADVISORY

Est. 2006 · Madrid · Information, not advice

*We don't predict. We classify.*

01 · THE IDEA

# The right question is not "what do I buy?"

Almost everyone invests by looking at the next step: which stock, which moment, which headline. But the next step depends on the terrain. And the terrain has a name: the market regime.

DEFINITION

*A market regime is the name of the cycle phase: it defines how much risk the market tolerates, not what to buy.*

Think of the sea. A good swimmer doesn't ask "should I go in?". They ask "how is the sea today?". In calm water a bad move is forgiven; in a rip current the same move drowns you. They don't guess the next wave: they classify the state of the sea. That is a regime.

02 · THE METHOD

# We don’t guess. We classify, in four layers.

*No single layer decides. The regime only changes when two or more turn at once.*

**01** The Warning PROTECTS

Separates noise —corrections that reverse— from the start of a structural bear market, watching macro, corporate and market conditions.

*→ healthy or damaged inside?*

**02** The Crowd TIMES

Sentiment read contrarian: bottoms are made on fear, tops on euphoria.

*→ euphoria or fear?*

**03** Money · the Fed TRIGGERS

The price of money is the lid that pushes or brakes; its turn has marked the great bottoms.

*→ tailwind or headwind?*

**04** FGA Macro CONFIRMS

Leading versus coincident; the turn forms before it is visible.

*→ where in the cycle?*

03 · WHY IT WORKS

# Predict vs. classify

Predicting means betting on a specific future and waiting to see if you're right. Classifying means diagnosing the present with fixed rules and adjusting behaviour to that diagnosis. The first makes you dependent on luck; the second, on discipline.

A regime doesn't tell you what happens tomorrow. It tells you how much it will hurt if you're wrong today — and, for protecting capital, that is worth more.

## IN 30 SECONDS

- The regime is the state of the sea, not the next wave.
- It is classified with rules (four layers), not guessed.
- The same event means opposite things depending on the regime.

# Every week we classify the regime. Dated. Before the outcome.

FGA Macro — the four-layer cycle reading. Free, in Spanish and English.

**macro.fgaresearch.com**

The full method, with the canonical definitions:

**fgaresearch.com**



*Independence. Capital. Conviction.* · Est. 2006