



The dot.com bubble

The dot.com crash

Narrator

With prices racing to unsustainable highs, wise heads in the market began to get nervous.

Michael Jackson

'We raised 60 million pounds and we invested like mad for the first you know three or four months. We spent 20 million out of the 60 million in the first six months, which was a pretty insane way of going about things, but we were just caught up in this mania.

And mid-March, the market cracked, it just started to crack.

I suddenly woke up one morning and I said,
"Bloody hell, what have we done here? This is a nightmare."

And I walked into the office and I said,
"No more investments, none, zero, zip, finished."

Rory Cellan Jones

'I think the turning point was perhaps the day that last minute dot-com floated on the London stock exchange.

Its share price soared that day and then fell steadily further and further and that was seen as the kind of turning point, certainly in the UK.

Suddenly everybody looked at each other and said, maybe these companies aren't worth anything after all.'

Michael Jackson

'You know, we'd been used to getting orders growing by 20 to 30 per cent.' You know we'd been in a growth market.'

Barry Lake

'Everything was going up and up and up, there seemed to be no end to it, even although logic told us there was nothing to base it on.'

Mark Goodson

'Everyone suddenly thought: actually, this probably can keep going on, and that's the time it fell off a cliff.'

Michael Jackson

'It completely and utterly was a blood bath. Not only was the market down in terms of market sentiment, investor sentiment was completely messed up because of all the people that in theory made vast amounts of money and in reality had all turned to dust.'

Narrator

Even as the market was collapsing around them, many investors couldn't see what was really happening – they were blinded by their 'animal spirits'.

Mark Goodson

'The stock market is founded on greed and fear and nothing else. When you haven't got a share and you look at it and think, "Oh yeah, If that goes up I'd sell that". When you've actually got it and it goes up you don't sell it because you think it might go up even more. And when it's falling, you think, well, ok you have a loss, you'd sell and cut your loss but it's the

hardest thing to do. It's been higher before – it might get back there. So you really want to sell when they're up and buy when they're down – but to actually have the ability to do that – it's very, very hard.

The mistake we made was that we just bought back into the same companies. There was a company called Baltimore that got up to something like 150 quid a share and if they were 150 quid then they'd be a bargain at 100 quid and really cheap at 75, and at 50 pounds, well, you know, how many can you get? And they went all the way down to pence, and we kept buying them back.'

Mark Goodson

'You know hindsight – it's very easy in hindsight to say what you should have bought.

It didn't happen.'