

Irrational exuberance

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Irrational exuberance refers to investor enthusiasm that drives asset prices up to levels that aren't supported by fundamentals. The term is believed to have been coined by Alan Greenspan in a 1996 speech, "The Challenge of Central Banking in a Democratic Society." The speech was given near the beginning of the 1990s dotcom bubble, a textbook example of irrational exuberance. "Irrational Exuberance is not just a prophecy of doom. . . . [I]t is a serious attempt to explain how speculative bubbles come about and how they sustain themselves."--John Cassidy, New Yorker. "What set off this speculation and what feeds it?"