

# My Little Short. How I risked it all to turn £3000 into £100,000

**Like Brad Pitt in The Big Short, Glen Goodman bet that the market would crash**

**A**s I stared at all the zeros on my screen I tried to tell myself 100,000 is just a number, an arbitrary milestone, it doesn't mean anything — but I was so excited I jumped out of my chair and danced around the room. This was the trading dream. An unshaven man in his pants with a tired old computer and £100,000 blinking on the screen. My wife looked on anxiously. "Just don't lose it all," she said to the dancing man.

It was March 2009, a vicious stock market crash had finally hit rock bottom and I was rich(ish). A few renegade finance misfits in the States had seen the financial collapse coming a mile off and were comprehensively laughed at when they decided to bet against the Wall Street banks. Their fascinating story is told in the Oscar-nominated film *The Big Short*. Starring alongside Brad Pitt and Steve Carell, Christian Bale plays the autistic hedge-fund manager Michael Burry, a man who faces huge pressure to cave in. I know how he felt. Mine was only a "little short" but it was scary as hell.

In 2007 we learnt millions of poor Americans had been encouraged to take out mortgages they couldn't pay back. The banks were on the hook for billions, the financial shockwaves crossed the Atlantic and the British bank Northern Rock collapsed. Yet share prices were climbing towards all-time highs. It just seemed wrong. I'd read all about the complex derivatives banks were using to hide their risk. The investor Warren Buffett called them "financial weapons of mass destruction". This was not going to blow over.

I dabbled in stocks and shares so knew that buying shares is called "going long". Betting that shares would go down is "going short". Could I make a bet against the market; my own little short?

I'd just got married and we wanted to start a family so my wife wasn't wildly enthusiastic about risking our life savings on my hunch. How could I be right and everyone else be wrong, she asked. She had a point. I knew a thing or two about the economy but didn't work in the City. I was a reporter for ITV's *London Tonight* and specialised in stories about whales swimming up the Thames and dogs who'd made friends with pet tortoises.

And how do you even bet on a crash anyway? Go down to Ladbrokes and ask for the odds on an apocalypse? Turned out there was a better way.



Brad Pitt as Ben Rickert in *The Big Short* and, right, Glen Goodman

Spread betting, a way to bet on up or down price movements, was no longer the exclusive realm of finance professionals. The internet had opened it up to eager amateurs such as me.

I put £3,000 in my online account but stood to lose a lot more. If my bets went wrong, the spread-betting firm would call up immediately to demand huge amounts of extra

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money. That's the bit I may not have fully explained to my wife at the time — but hey, there was no need to worry her with such trifles. As I started shorting British shares, the market started falling and my account started growing. By March 2008 I was confidently trading my socks off and my stake grew to £15,000.

It was clear that I had the magic touch. I was the master puppeteer of the markets... until I wasn't any more. Share prices started climbing again. At first, I thought, 'No big deal; just

a meaningless blip,' but soon this blip was threatening to wipe me out. I sheepishly approached my wife. "Um, just a thought," I said. "How would you feel about putting another £2,000 of our savings into the spread-betting account?"

"I would feel bad about that. Very bad indeed."

"But I know I'm right about this! If we give up now, it'll all have been for nothing."

Had everyone gone mad? The US was plummeting into recession and British banks had taken on far too much debt. It was surely only a matter of time before our whole banking system would collapse. So why were the Wall Street bankers still buying shares? Could they all know something I didn't? By May 2008 the FTSE 100 was soaring and I was almost ready to admit defeat, but there was still one glimmer of hope.

Bradford & Bingley was another Northern Rock waiting to happen, a formerly respectable building society that got greedy and exposed itself to international "fast money". In early 2008 investors were still — inexplicably — valuing its shares at more than £1 billion. In February the CEO, Steven Crawshaw, declared: "[Our] results demonstrate the strength of our underlying

business... We are confident of our ability to continue to be a leading player." On March 3 I shorted Bradford & Bingley. By the time I closed my bet on July 18 its shares had fallen more than 75 per cent, and soon the failing bank was part-nationalised. Crawshaw departed with a multimillion-pound pension pot.

On June 6 that year I was climbing into the cockpit of a stunt plane for a TV report when I quickly checked my BlackBerry and couldn't believe what I was seeing. The dam had finally burst. Shares around the world were in freefall. Soon the plane was too, and as we looped the loop I wondered whether I was hyperventilating because of the g-force or the FTSE. When I got out of the cockpit, I saw I'd made thousands in those few aerobic minutes.

From there the market was downhill all the way, but my biggest short was still to come. The one market still defying all logic was oil, which had

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soared to its highest price, nearly \$150 a barrel, even though the world was going into a recession. The editor of ITV national news called me into her office for advice. She wanted to run a report on the *News at Ten* about how ordinary people could bet on the rising price of oil.

It reminded me of the market frenzy of 1929. When Joseph Kennedy (the father of John F) started receiving stock tips from his shoeshine boy, he knew the market must be ready to burst. So he got out just before the Wall Street crash. Sure enough, oil started falling, and at the end of September I made a big short bet, which I held on to for six months as the price of oil tumbled all the way down to \$40 a barrel.

And so we're back to the dancing man in his pants. I wish I could tell you I cashed in my chips that day and booked a round-the-world cruise for my wife and I, but I was hooked on the dancing and wasn't ready to give in yet. Then protesters descended on the Royal Bank of Scotland and started smashing the windows. I was the reporter on the story of the year. Kettled by police and shoved about by the crowd, all I wanted was to stay upright and stare at my iPhone because the markets were going crazy.

That's when I realised I was going to have to step back from this frenetic trading game and take a longer, cooler view of the markets. I collected my £100,000 and headed out to buy a classier pair of pants.

