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.

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s I stared at all the zeros on my screen, I told myself 100,000 is just a number, an arbitrary milestone. It didn’t mean anything. But then the market went south and my £30,000 turned into nothing.

I jumped out of my chair and danced around the room. This was the trading dream. An unshaven man in his pants with a third-grade computer and £100,000 on the screen. My wife looked disapprovingly. “Just don’t lose it all,” she said to the dancing man.

It was March 2008, when the stock market crash had finally hit rock bottom and I was rich. A few renegade finance professionals in the states had seen the financial collapse coming and had made millions. They were laughing at their own predicament. The Wall Street banks had assumed that the financial crisis was coming and were fully invested. They had bought the assets of the country.

Their story is told in the Oscar-nominated film The Big Short. Starring alongside Brad Pitt and Christian Bale plays the autistic hedge-fund manager Michael Burry, a man who faces huge pressure to prove his theory of a housing bubble.

In 2007, we learned millions of poor Americans were encouraged to take out subprime mortgages they couldn’t pay back. The banks were on the hook for billions, the financial shockwaves crossed both the Atlantic and the British bank Northern Rock collapsed. Yet, share prices were climbing towards all-time highs. It 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. I bought shares in a company called “going long”. Betting that shares would go up was “going long”. Could I make a bet against the market? My little short?

I’d just got married and 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 Tonight 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.

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

I put £300 in my online account and 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 money. That’s the hit! 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 confident I was making a decent profit. I started selling shares and bought more at the bottom. By May 2008, the FTSE 100 was soaring and I was almost ready to admit defeat, but there was still one glimmer of hope.

Branding & Bingley was another Northern Rock waiting to happen, a formerly reputable 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, the shares had fallen by 55% and the banks had fallen by 75% and the soon the failing bank was part-nationalised. Crawshaw departed with a £200 million pension pot.

On June 6 I was climbing into the cockpit of a stunt plane for the TV report when I quickly checked my Blackberry and thought what was I seeing. The plane had finally crashed. Shares around the world were in freefall. Soon the plane was too, and we looped the loop. I wondered whether I was hyperventilating because of the g-force or the FTSE.

When I got out of the plane, I realized the market was still to come. The one market that defied all logic was oil, which had soared to its highest price, nearly $140 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 of the day about how ordinary people could bet on the rising price of oil.

It reminded me of the market frenzy of 1987. When Joseph Kennedy (the father of John F) started receiving stock tips from his shoeshine boy, he knew the market must be really hot. So he got out of the market and sold the Wall Street street short. Sure enough, oil prices fell, and at the end of the day, he made a big short bet, which I held on to for six months as the price of oil tumbled the 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 make my report on time. The banks were going crazy.

That’s when I realized 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 classic car for my partner.