In his 2006 book *Irrational Exuberance*, Robert Shiller argues that high stock market valuations in 2000 and 2005 were unjustified. The text opens with Shiller examining the historic valuations (based on PE ratios) in the two periods, which were well above those seen at prior peaks in 1901, 1929 and 1966. Instead, the author identifies a series of factors that brought about these speculative excesses, focusing on 12 factors that facilitated big market moves from 1995 to 2000 and from 2002 to 2005. The phrase *irrational exuberance* was coined by Alan Greenspan, chairman of the Federal Reserve, in a December 5, 1996, speech to the American Enterprise Institute. In the speech, Greenspan asked, “How do we know when irrational exuberance has unduly escalated asset values which then become the subject of unexpected and prolonged contractions as they have in Japan over the past decade? And how do we factor that assessment into monetary policy?” How it works (Example)