

## Predicting Another Dot-Com Bubble

### 1. Motivation

The idea for this topic came from the seemingly overwhelming amount of startups and IPOs as well as mergers and acquisitions in the tech sector in the past few years that some suggest as being overvalued. With the rapid growth of the sector and many of these companies, it begs the question of whether the economy might be experiencing a similar situation as it was in the late 1990's and early 2000 during the dot-com bubble's boom-and-bust.

### 2. Hypothesis

The rapid growth of the technology sector and potential overvaluation of companies in the sector suggest the economy might experience another technology bubble. We might be in the period of rapid expansion right now, with a collapse to occur sometime in the future. Comparing several startups at the time of the dot-com bubble and now may be an accurate gauge of an economic bubble.

### 3. Method

I hope to compare the current growth of the economy with a traditional bubble model, or try to fit it onto the model of the economy around the dot-com-bubble. Potential factors to consider include venture capital investments,

IPO values, P/E ratio, investor sentiment (e.g. Twitter), market cap, and speculative valuation.

#### 4. Starting Resources

- [http://en.wikipedia.org/wiki/Dot-com\\_bubble](http://en.wikipedia.org/wiki/Dot-com_bubble)
- [http://en.wikipedia.org/wiki/Economic\\_bubble](http://en.wikipedia.org/wiki/Economic_bubble)
- [http://en.wikipedia.org/wiki/Boom\\_and\\_bust](http://en.wikipedia.org/wiki/Boom_and_bust)
- <http://www.ipomonitor.com/>
- [http://www.er.ethz.ch/publications/finance/bubbles\\_empirical](http://www.er.ethz.ch/publications/finance/bubbles_empirical)
- <http://finance.yahoo.com/>
- <https://twitter.com/>
- <http://yclist.com/>
- Irrational Exuberance