

The Dot-Com Crash of 2000-2002

By [Tara Clarke](#), Associate Editor, Money Morning • [@TaraKateClarke](#) • June 12, 2015

The second in our series documenting the greatest Wall Street crashes of all time...




In Part 2 of our [stock market crash history](#) series, we examine the [dot-com crash](#) – a two-year market downturn that eviscerated more than \$5 trillion in market value between March 2000 and October 2002.

The dramatic fall of a tech-heavy Nasdaq Composite sheds insight into how this [stock market crash](#) went down...

From a March 10, 2000, high of 5,048.62, the index tumbled to 1,139.90 on Oct. 4, 2002, for a whopping 76.81% drop. (The Dow Jones and S&P 500 also suffered, albeit less intensely – down 27.38% and 43.19%, respectively.)

**Dow Jones Industrial Average:
Top 10 Largest Daily Point Losses**

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YOUR DAILY MAP TO FINANCIAL FREEDOM

Rank	Date	Close	Net Change	% Change
1	09-29-2008	10,365.45	-777.68	-6.98
2	10-15-2008	8,577.91	-733.08	-7.87
3	09-17-2001	8,920.70	-684.81	-7.13
4	12-01-2008	8,149.09	-679.95	-7.70
5	10-09-2008	8,579.19	-678.91	-7.33
6	08-08-2011	10,809.85	-634.76	-5.55
7	04-14-2000	10,305.78	-617.77	-5.66
8	10-27-1997	7,161.14	-554.26	-7.18
9	08-10-2011	10,719.94	-519.83	-4.62
10	10-22-2008	8,519.21	-514.45	-5.69

Source: [Wikipedia.org](#), Money Morning staff research

Nasdaq's March 2000 high wasn't seen again for 15 years, until the index closed at 5,096 on April 24, 2015.

What triggered this massive loss of wealth is one of the most famous bubbles in stock market history: the [dot-com bubble](#) of 1997-2000...

Dot-Com Bubble Set Up Dot-Com Crash of 2000-2002

The Internet commercialized in 1995, creating a speculative bubble from 1997 to 2000.

Hype over a new industry caused investors to overlook traditional metrics like the price-to-earnings (PE) ratio, debt/equity ratio, and amount of free cash flow. People quit their jobs to become day traders. Millionaires were made overnight. Companies that barely had business plans went public.

The Nasdaq rose 290% from January 1997 to March 2000. Microsoft Corp. ([Nasdaq: MSFT](#)) and Intel Corp. ([Nasdaq: INTC](#)) became the first "new economy" companies – and the first Nasdaq issuers – to be included in the [Dow Jones Industrial Average](#). In 1999, 457 companies went public.

When the dot-com crash followed, the IPO trend shifted dramatically:

Number of IPOs by Year

Year	# IPOs
1996	677
1997	474
1998	281
1999	477
2000	381
2001	79
2002	66
2003	63

Of the 79 companies that went public in 2001, none doubled on the first day of trading.