The words irrational exuberance quickly became Greenspan’s most famous quote—a catch phrase for everyone who follows the market. Why did the world react so strongly to these words? One view is that they were considered simply as evidence that the Federal Reserve would soon tighten monetary policy, and the world was merely reacting to revised forecasts of the Board’s likely actions. Irrational exuberance refers to investor enthusiasm that drives asset prices up to levels that aren’t supported by fundamentals. The term is believed to have been coined by Alan Greenspan in a 1996 speech, “The Challenge of Central Banking in a Democratic Society.” The speech was given near the beginning of the 1990s dotcom bubble, a textbook example of irrational exuberance.