

Richard Branson's Virgin Galactic has floated on the New York Stock Exchange, and the exciting potential for investing in space companies looks almost infinite.

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Money+Markets



A scale model of Virgin Galactic's space tourism vehicle, SpaceShipTwo



INVESTMENT

The next big stock market craze on the horizon: space

IN THE stock market there are a lot of investment sayings that are right a little bit more than half of the time. One is 'Up like a rocket and down like a rock'.

If you are an old stock-market geezer you will refer to the dotcom boom and crash as an example. If you are in the cohort of new 'millennial' speculators then you will think of Bitcoin.

The stock market is really a market to fund engineers' crazy innovations. When it wasn't sailboats, it was canals, it was railways, it was automobiles, it was radio, it was electronics, it was computing, it was the internet... Do not get confused by the fact that tobacco companies, oil companies and banks make up a large chunk of any blue-chip share index like the FTSE. Even these old-school companies are founded on the success stories of our technological past where the blue touchpaper to success was a forgotten technology.

In the US the big boys are often relative newcomers like Google and Netflix, still driven to ever-increasing valuations by the leading edge of engineering and technology, and if you were to search the lower echelons, the companies bubbling up towards the big

time will mainly be in technology. That technology might be making 'fake' meat or delivering music across the ether but the companies that become the 'big caps' of the stock market are very rarely companies doing something old in an established way.

So the hunt is always on for the next big thing, and it is more often than not a technology thing. Any new technology is destined to have its day erupting in the stock-market sun. The more the company's story sizzles with the potential of a 'divide infinity by zero' future prospect, the more it will go up like a rocket and risk coming down like a rock. Few investors expect the drastic fall to come but it's a rare opportunity that doesn't have its Icarus moment. Even companies like Amazon and Apple have had their wings melt off in the past and most companies never survive the re-entry. On a survey of Silicon Valley's Computer History Museum, it is clear that the institution could equally be called the Museum of Bankrupt Technology Companies.

So on 28 October 2019 a new stock-market mania was kicked off. The unstoppable Sir Richard Branson's space company, Virgin Galactic, floated on the New York Stock

Exchange. Its ticker is SPCE. Space is now the next big thing. The potential is, by definition, near-infinite. What could be sexier? Who wouldn't buy a few shares in SpaceX, Elon Musk's miracle company that lands rockets backwards from space onto floating barges and is possibly the most valuable private 'start-up' on this planet? If only it was available. Space has all the components to be a massive future stock-market theme. It is, after all, almost exactly isomorphic to the very thing that kicked stock markets into life: vessels going into the unknown to bring back wealth from unexploited regions.

While Virgin Galactic may not be the next Apple, there is a whole coterie of companies that can come to market to Hoover up the billions of dollars awaiting such a blue-sky story. A whole space ecosystem awaits to be pulled into the gravity of easy money funding in the zero-interest rate environment of the QE-forever central banks that push giant sums of cash into the global economy to keep it spinning on its axis.

There will be a lot of money to be had as a boom forms and a bubble inflates. Then there will be a great wailing and gnashing of teeth when the bubble implodes and losing investors blame everybody but themselves for the fortunes they lost from gambling on the craze. An investment winter will follow, after which the goliaths of the technological space sector will arise, driving engineering and its technology to even greater heights.

The new space colossi will bring space online, opening a new era just as every other tech craze has ushered in a new world.

Meanwhile an engineer somewhere will have come up with something new, it will offer infinite possibilities, the idea will catch the imagination of the stock-market gamblers and the cycle will start again.

So how do you play the 'new big thing' stock-market game?

Firstly, you buy a little of anything concerning it that floats past your nose. You hold that share until it makes you start worrying about it or has you watching it compulsively. Then you dump it. You must coldly buy and ruthlessly sell the dream, because when the 'new big thing' gets old it will collapse. When it does, you should watch out for the surviving companies and when you are sure you have identified them, you should buy and imagine you are going to hold them forever.

Meanwhile, the crazy stock markets will continue to fund engineers and their new tech because that is all the speculators really care about. They want to buy the dream, and often that is all they are left with. Yet it is not by accident, it is how the game works, and the result of this swirling vortex of money and narrative is the technological world we live in today. Without a stock market it simply wouldn't happen. *