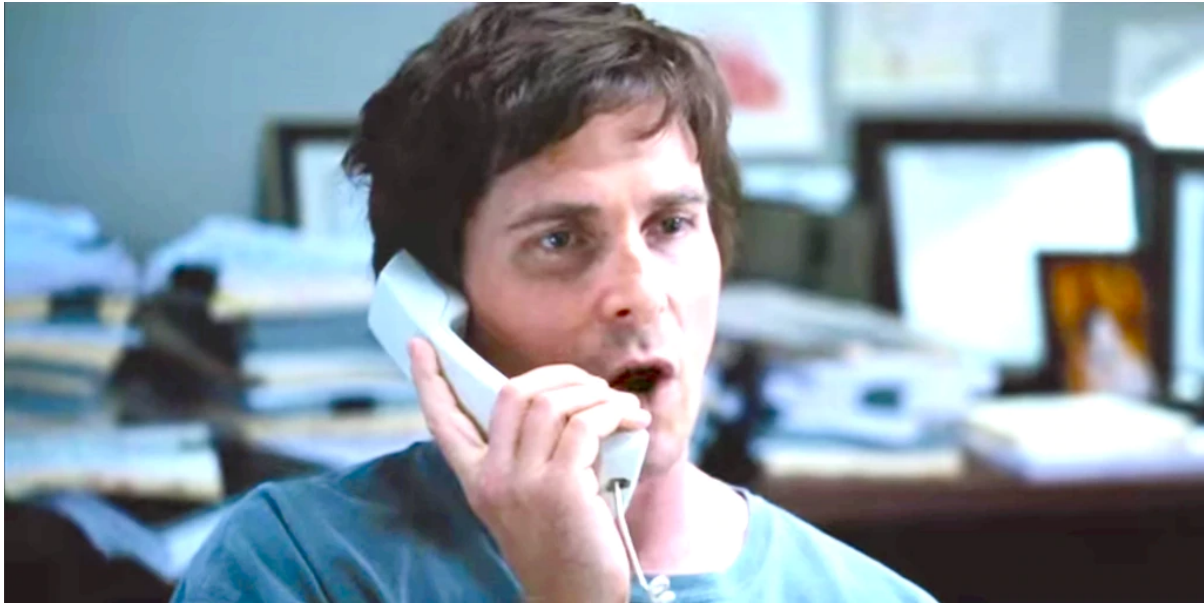


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'Big Short' investor Michael Burry made a 'significant' bet that's paying off as coronavirus ravages markets | Markets Insider

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3-4 minutes



YouTube/The Big Short

- **Michael Burry, a hedge fund manager portrayed by Christian Bale in movie "The Big Short," has a wager against markets that paid off this week as coronavirus fears and an oil shock spurred a massive sell-off.**
- **The money manager, who correctly called the 2008 housing crisis, has a "significant bearish market bet that is working out for now," he [told Bloomberg](#).**
- **Burry predicted the coronavirus pandemic could burst the passive investing "bubble."**
- **"With COVID-19, the hysteria appears to me worse than the reality, but after the stampede, it won't matter whether what started it justified it."**
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Michael Burry, the hedge fund manager famously portrayed by Christian Bale in "The Big Short," was one of the few investors cheering as coronavirus fears and the breakout of an oil-price war [decimated financial markets this week](#).

"I have had a significant bearish market bet that is working out for now," the money manager, who made a fortune betting against mortgage securities after correctly predicting the 2008 housing crisis, [told Bloomberg](#). Burry added that it was a "good size" wager against indexes, but declined to offer more details.

The [California-based investor](#) — a key character in the Michael Lewis book "The Big Short" — warned that coronavirus has changed the calculus for investors.

The virus — which causes a flu-like disease called COVID-19 — has [infected more than 136,00 people](#), killed at least 5,000, and spread to upwards of 100 countries. It has disrupted global supply chains, interfered with businesses, and hammered consumer demand. As a result, it [threatens to cause a global recession this year](#).

"No one knows how long it will last, and so people have a valid reason to sell," he told Bloomberg, adding that stockholders could no longer be certain that their investments would rise in value or that central banks could "apply the brakes" and prevent a sell-off.

The worldwide spread of coronavirus could spark an exodus from passive investments such as index funds and exchange-traded funds, Burry said. He argued [last year that too much money has flown into passive investing](#), and complained that the strategy's focus on bigger companies was leaving smaller stocks "orphaned."

"A global pandemic is absolutely a potential trigger for the unwinding of the passive investing bubble," he told Bloomberg. "With COVID-19, the hysteria appears to me worse than the reality, but after the stampede, it won't matter whether what started it justified it."

While his bearish positions flourish, Burry has turned his focus to spotting smaller public companies whose shares have been unfairly caught up in the recent market rout.

"Despite the viciousness of the sell-off, there has not been enough time for the buy-the-dip mentality to truly go away," he told Bloomberg. "But the fear in the markets is being paralleled by growing fear of the virus, and the twofer is toxic to market sentiment."