

# Markets are losing faith in AI

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Shares in Nvidia, the leading AI chip maker, [fell almost 10 per cent yesterday](#), erasing around \$280 billion of its supposed value—the biggest single-day loss ever for a US stock. The total loss over the last three days has exceeded 14 per cent.

Why does this matter? There are three reasons.

First, it shows the folly of using share-based savings for pension arrangements when most companies - even quoted ones - do not deliver long-term value.

Second, it shows the capacity of markets to create hype.

And third, it suggests that markets have realised that AI is not going to deliver on its promises. It may well prove to be useful, but it is not the shocking transformation that has been claimed.

This then matters because there are politicians - mainly linked to the UK Labour Party for the purposes of this analysis - who have believed all the hype around AI. It is AI that they believe can cut government spending budgets and AI that they believe can deliver private sector growth, even though they seem wholly unaware that AI would also be the source of considerable unemployment if all their hopes for its power to replace humans and so increase what they call productivity were to be fulfilled.

I know AI is going to be a part of life. To some extent, it already is. But I do not believe the hype. Most tech delivers vastly less than it promises for one simple reason, which is that people cannot work out how to use it. They might also not want to do so. This will be as true for AI as it is for all the other tools that we have on the IT we already own that we never use.

I have no idea whether the stock value of Nvidia has been over-hyped and is suffering a necessary correction. But I am certain that gullible Labour politicians have, under the influence of the Tony Blair set-up that appears to have massively undue influence over our current government, fallen for AI as the answer to all their problems when it is anything but that.

The fool and their money are easily parted. Some will have lost out badly on Nvidia. We all may lose out badly from the naivete of Labour politicians who think that everything the market has to offer glistens when that is far from the truth.