

Funding the Future

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The comments I [made here yesterday](#) and on Radio 2 about the possibility of there being a degree of coordination in what is happening right now in bond markets have attracted a lot of attention.

So, let's be clear. I offered speculation. The reason is simple. Something very weird is happening in financial markets, and no events, bar one, explain why it might be happening now. That one event is that Musk said at the weekend that the UK's Labour government needs to be pulled down. He then ran a poll on Twitter on this issue. He also spread scurrilous rumours. And as the FT has noted, [the attempt at a coup](#) that is following from those comments appears to be very real and front page news. I hardly had to make this up: it is out there.

I have received a barrage of comments saying banks cannot talk about or coordinate their trading positions. Such comments totally miss the point I was making. I entirely accept that on the trading floor this would be very hard. But let's be clear, that is very obviously not what is happening in this case. I never suggested it was. This coup is happening in plain sight. It is being talked about incredibly openly. And we know, for example, that six [major US banks have now quit the US net zero programme](#) in a very short time period under pressure from Trump. They did not all do it on the same day. But the actions happened in what seems like a remarkably coordinated fashion to curry political favour; the grapevine seems to have worked. That has also happened in the rush of corporations giving up on commitments to diversity. And it has also happened in another sphere, where suddenly Kemi Badenoch wants to talk about child grooming when she had never chosen to do so until Musk did.

So, let's try to explain this. Musk calls for a coup. Trump does much the same, saying he will use economic pressure to make Canada the 51st state of the Union. And in that case, maybe no one in any bank needed to say a thing to another bank. Maybe, instead, just every banker simultaneously, suddenly, and wholly irrationally (unless their belief in Musk might be called rational) decided Labour was a disaster within a day or so of him demanding the demise of their government, and as a result, everyone traded interest rates upwards, and bond prices downward, with exchange rates going the same way.

Maybe that is just what those commenting here would call rational market reaction, where everybody has come to the same conclusion based on reasoning that, they suggest, has nothing whatsoever to do with Musk.

Maybe there is no conspiracy, then, as some commenting here claim. But what I am saying is that if there was then this sudden, apparently consistent behaviour, is precisely what the expected outcome of the demand from Musk might look like.

And so the question to those challenging my thesis is, why else did this happen this week in that case when the Musk coup plot is out there and in plain sight? After all, we all knew Reeves had delivered a disastrous budget some time ago. That is not news. So, what is the reason for this, if Musk isn't?

I doubt anyone can explain that. My suggestion is that the only thing about Reeves is that she has provided remarkable cover for what is going on, letting the banks move against Labour, as I am sure they wish to do to appease Musk, without ever having to say it had anything to do with him. Except, I think it obviously has.

And why, if as is claimed by all those commenting, the London gilt market is totally free from any form of fixing of opinion that informs behaviour, do we so often hear about the opinion of 'the market'?

Why, too, do we so often hear tales about 'gilt strikes', or the like, emanating from the City?

These oft-floated ideas exist. They suggest that the City can form opinions collectively and act on them. That is all I am saying is happening here. I am saying that prompted by Musk, and maybe out of fear of not securing favour with Musk, the City has formed an opinion and acted on it, from top to bottom. A coup in plain sight has worked. That is my suggestion. All those who think I suggested otherwise, implying trader corruption, got everything they said about me wrong.

Should we, then, give up this idea of the City having a single opinion? That is what it seems I am being asked to do, but some of the comments offered clearly contradict that. They suggest that there is now a new and singular opinion, based on evidence that does, however, and very mysteriously, entirely ignore the role of the Bank of England's quantitative tightening in creating this crisis, and which instead blames it solely on Labour, about whom everyone in the City is now of one very certain opinion, since about Monday, for some very strange and apparently unexplained reason.

But, that being said, I accept I might be wrong. Someone might be able to tell me how so many people can, by chance, wholly agree with each other whilst ignoring what seem to be so many key facts, and whilst dismissing the one overwhelming fact that persuades me as to what has happened. Perhaps they can.

But I repeat, if there was a conspiracy against Labour - which there is, or the FT would not so avidly reporting it - this is what the consequence would look like. So, if anyone wants to stop spouting excuses at me about impossibilities and actually engage with the political economy of power, on the basis of which I have reached my conclusions, please join in. But don't waste my time with further supposed explanations that ignore key facts. They are complete nonsense.

Political economy suggests we are facing a power struggle, with Musk trying to overturn Labour.

Evidence suggests US bankers are rising to support the Trump worldview.

Given that, at this moment, the Trump and Musk worldviews appear aligned, I think we can safely assume UK bankers share the enthusiasm of their US colleagues on this issue.

And when Musk, in plain sight, said Labour is a risk, he manufactured the risk on which all those bankers could then act to then trade against the Labour government.

That is my suggestion. That is what looks like a conspiracy to me. No rules need have been broken. None needed to be. As I keep saying, this is all out in the open. That is unprecedented.

I have offered a wholly plausible explanation for what is happening, totally consistent with the observed behaviour of the politicians in the UK whom the City is likely to favour, and it is for others to show I am wrong without relying on rule books or my supposed lack of knowledge of City trading.

Just talk political economy, which is what I was doing. Then explain this in another way, given the facts and the behaviour and consequences we can observe. What else makes sense? That is my question.