

Funding the Future

How big might the crash be?

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I have [already noted](#) that the cryptocurrency market is crashing this weekend.

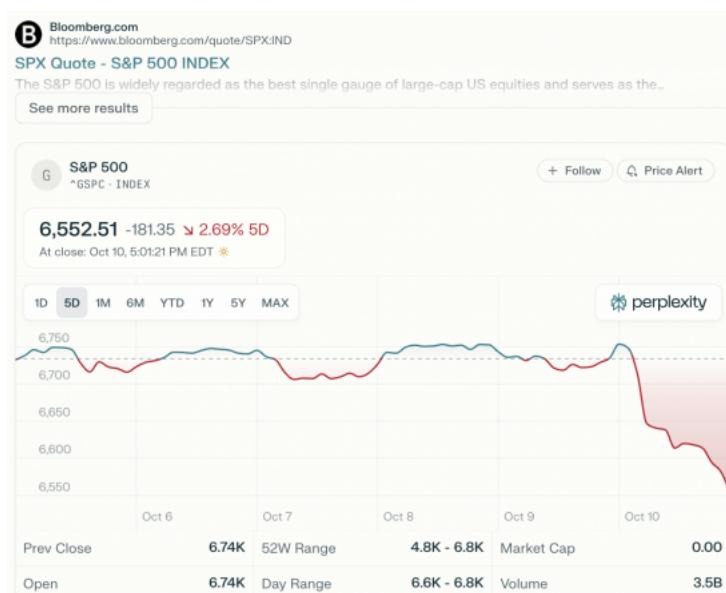
The risk of contagion into other financial markets is high because:

- * The risk of Trump imposing unsustainable tariff rates of the sort he announced on China on Friday, triggering major market disruptions, is high.
- * Far too many large companies now hold crypto assets.
- * So too do some pension funds, utterly recklessly.
- * By their very nature, crypto investors are volatile and prone to panic, and that sentiment is contagious. The flight for safety can very rapidly create broader financial instability.

These are the basis for my fears.

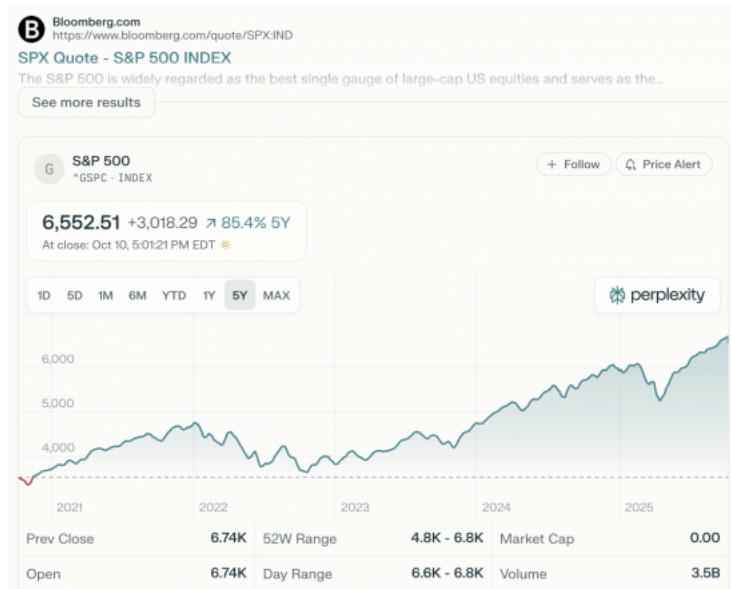
How far could markets crash? By a very great deal, I suggest.

The S&P 500 already reacted on Friday afternoon:



That was a 2.7% loss on the day.

But the capacity to fall a lot further is enormous. Nothing has justified the increase in value since mid-2023, and all of that is AI-based hogwash that is now more than ready to fall apart:



That market would easily fall by 40 per cent in that case.

This has been waiting to happen. It might not all do so this week, but such a fall is now possible. And so far, the UK media is almost entirely ignoring this.

I am not. And although I stress this might all blow over, the fundamentals very strongly suggest otherwise, with even the Bank of England [suggesting](#) that was the case last week.

I am worried, not because we do not need a correction, but because of the ramifications.

And the question is, have we got a government [courageous enough](#) to deal with this?