

Funding the Future

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I have long suggested that the crypto market is all based on hype and has nothing to do with reality.

I have also suggested that the crypto market is massively overvalued and due for a crash.

Yesterday, that crash might have begun. The [FT has reported it](#), noting:

[M]ost top coins [are] down a mere fifth or so over the 24 hours to noonish London time, wiping a mere \$388bn off the market cap of the top 100 non-stablecoin cryptocurrencies.

To get an up-to-date picture, I asked [Perplexity AI](#) for an update this morning and got this (but note, you will not get the same result):

The cryptocurrency market has just experienced one of its most severe crashes in recent memory, triggered primarily by President Donald Trump's imposition of 100% tariffs on "critical software" imports from China and escalating trade tensions between the U.S. and China. This move sparked panic across both stock and crypto markets, causing a rapid drop in the value of top cryptocurrencies and record-setting liquidations among leveraged traders.

As this report noted:

Crypto markets, already highly leveraged, saw over \$19 billion in positions liquidated in hours, creating a domino effect of forced selling and price collapse.

They added:

Around \$800 billion in crypto market value was erased within a single day, with major coins all plummeting.

Bitcoin fell to about \$110,000 (a 16% drop), Ethereum to roughly \$3,800 (down more than 12%), and other altcoins such as XRP and Dogecoin dropped by 25% and 28%, respectively.

Those falls amongst more esoteric coins seemed typical.

They added:

The crash began in earnest at around 23:00 (local time, Oct 10), with massive hourly declines: XRP dropped 36.8%, Dogecoin 31.6%, BNB 25.7%, Solana 18.8%, Ethereum 11.2%, and Bitcoin 4.0% in that hour alone.

They then claimed:

Early indicators suggest that after the panic selling and forced liquidations, markets could be entering a stabilization phase, though further volatility is likely as global markets digest the news.

More realistically, they added:

Exchanges and regulators worldwide are closely monitoring the situation with continued concerns about both technical and financial contagion.

I am sure that is true.

What this crypto crash underscores is the massive risk posed by global policy shocks, extreme leverage, and systemic fragilities in both the crypto sector and broader markets.

[Minsky was, of course, right about such things](#). Now we need to know if all he predicted

comes true. If it does, we could be in for a very rough week in the global economy. Memories of October 2008 and even October 1987 come rushing back to me. This does not feel good.

I did warn you.