

Is the crash happening?

<https://www.taxresearch.org.uk/Blog/2025/11/19/is-the-crash-happening-2/>

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Financial markets across the world are flashing red. The S&P 500 has finally turned down after weeks and even months of irrational optimism. The FTSE 100 is sliding. Gold is falling. Bitcoin and the broader crypto market are collapsing.

In this video, I explain why these signals point to an imminent crash – not next year, not in theory, but now. I explore why hype has replaced fundamentals, how AI-driven debt issuance has destabilised markets, and why political leaders today lack the competence to manage what's coming.

Are we ready for the consequences? I am not at all sure that we are.

https://www.youtube.com/watch?v=Pq4-jy84Dkw?si=MIN_vN1Cf4MNshO1

This is the audio version:

https://www.podbean.com/player-v2/?i=pxf7b-19c778b-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a

This is the transcript:

Is there a crash coming?

The answer is, of course, there is. I've been saying so for ages. It's obvious. All sorts of financial markets are heavily overvalued. So why am I making another video — apparently making the same point? Because it feels as if that crash is now imminent.

There are real signs of change in markets. The S&P 500, the leading stock exchange indicator, in my opinion, in the USA, because it is broadly based, is suddenly turning down after weeks of rises, historically, long periods of optimism. There is now a downturn there, and people are saying this could be the moment when the crash comes.

In the UK, the FTSE 100 is falling.

The value of gold is falling. Even the reserve safe place where people put their money when everything goes wrong is seeing its price fall as if that market has been overhyped as well.

If you look at Bitcoin and other cryptocurrencies, the signs are very clear. Bitcoin is down over 25% in the last couple of months or so, and the rest of the market is really severely down, often by 50%.

The myth is disappearing. Trump might have created hype in the Bitcoin market earlier this year. That might have spilt over into the AI market. And from that it has dragged stock exchanges around the world upwards. But that sort of hype can only last for so long, and now it feels as though everyone has realised that the party's over.

There was an article in the FT this week by one of its long-term serious commentators, a man of obvious wealth from the way in which he writes, who was saying he thinks that the US stock market is going to fall by maybe 40%. That's certainly his indication for the tech companies, and he thinks many others will follow down in the same order, despite which he's apparently going to leave half his money in that market for reasons that I found entirely baffling.

There is now a reluctant acceptance that whatever happened cannot continue. That there is going to be a crash, and that's been my opinion for some time, so I sort of feel vindicated at one level and petrified at another, because accepting there's going to be a crash doesn't mean that people have come to terms with the consequences of a crash.

And the consequences of this crash might come in one of two forms. This might either be a crash like that in 2000- the dot-com crash - which was successfully managed by politicians, including Gordon Brown in the UK, who managed to effectively avoid the spillover from the stock market almost halving its value into the rest of the economy, to the alternative of the 2008 financial crash, when the stock market crash precipitated a global financial crisis.

Which of those two do I think is likely? I'm afraid the second sort is the one that I'm expecting, and there are two reasons for that.

First of all, in 2000, we did have some vaguely competent people around the government. Gordon Brown, for all his strengths and weaknesses, did know how to manage that situation. And it appeared that, again, despite his obvious failings in other areas, George W. Bush did do the same. He kept the US economy going despite the impact of 9/11 at roughly the same time as well. So, what we are looking at is a situation where those people, well-established with clear vision as to what they were trying to do, whether right or wrong, and I would suggest overall wrong, managed to keep markets on track.

But in 2008, fundamentals failed, and fundamentals in that case meant the mortgage market above all else, because there was a spillover from the crash into banking. That brought down stock markets. That then led to the whole of the austerity regime.

The trouble is that this time I think that the spillover from the stock market crash into banking is incredibly likely. Why? That's because the AI tech boom has been funded in three ways.

First of all, there have been some share issues- not many, there never are - but that has helped the increase in share price. People have been desperate to buy the shares of new tech companies, and that's the consequence: prices have risen.

Secondly, these companies have been issuing new debt at an absolute rate of knots. Amazon is at this moment issuing \$12 billion of new debt, and it's far from alone.

And the companies that are actually fueling most into AI, people like Nvidia, and Microsoft, and Meta, and Google, and so on, they are, undoubtedly, borrowing heavily from banks as well.

So the spillover will either come from their inability to service their debts, which I think might well be likely, or from the inability of people who have borrowed money to buy shares in these companies to service their debts. The consequence will be a banking crisis.

If we have a banking crisis, and that's what I think is the case, then politicians will have to deal with a 2008-style crisis and not a 2000-style crisis, and the consequences will be severe.

They'll be severe for a number of reasons.

First of all, we do not have competent politicians almost anywhere in the world right now: Trump, Starmer, Macron, Merz, we could keep the list rolling. The point is, none of these people are either competent, nor do they have the confidence of their own parties, let alone the people of the nations they're governing. So the chance that they

will have the power to actually manage the situations that are developing appears to be very low, and that scares me rigid. These people are simply not up to the job of dealing with a situation we're going to face. And in the UK, we have Rachel Reeves as Chancellor, a person who has nothing like the calibre of Alistair Darling, an underrated chancellor of his time, who had a cool head when it was required back in October 2008. Will she share that same quality now? I doubt it. Let's be totally honest.

But after that, there's another problem. In 2008, we had not had 15 years of austerity.

We had not had quantitative easing.

We had not had quantitative tightening.

We had not had COVID.

We had not got a population that lacked resilience.

In fact, that's the very quality that the population had then. Labour had created a strong, resilient population in a good political mood because they had seen growth, they had seen an improvement in their healthcare, they had seen an improvement in education, and they were confident. And now we have no such thing.

People are not in that situation.

They are already downbeaten.

They are already frightened of the world around them.

They are already pushed to their financial limits.

And if the state now tries to retrench as it might, things can only get very, very much worse, and at least some of those world leaders are going to try to do that. Let's be clear. That is inevitable; some will definitely try to cut their way out of this crisis, and that will be impossible.

So, is there a crash coming? Yes, is the undoubted answer. When everybody is talking about the fact it will happen, it's bound to happen, and almost everybody now accepts that fact. I read a lot of financial newsletters. I read the financial press. I see the comments from brokers and the specialist papers, and so on. And there isn't anybody who's now saying that this is a sustainable situation; we are going to see a fall. And the data implies it. It's not a matter of if now; it's just a matter of when now, and that's the only question that's left and when might even be now.

So we're going to have a crash. The problem is, can we manage the crash? And that's now where my focus is.

I don't know that we can manage the crash.

I don't know we have the people to manage the crash.

I don't know we have the thinking to manage the crash.

I don't know that these people have the confidence to actually stand up and become the type of politician we need who will intervene; who will create the money, who will do so without using quantitative easing - because that has been a disaster - and who will do so for the benefit of ordinary people who must be protected, whilst we must keep banking going.

And I don't know that we have the people who will react appropriately so that they can reframe the financial institutions of the world so that this should never happen again.

That's what we need, people with that vision.

That's not what we've got.

I think you're going to hear a lot more about this over the coming weeks and months because we are in for a rocky ride, and times are going to be tough. I'm sorry to say it, but we have to live with the reality.

What do you think? Do you think we're about to head for a crash? Do you think it's going to be like 2008? Do you think it's going to be really hard on you? Do you think we have the politicians we need? Let us know. There's a poll down below.

Poll

[poll id="256"]

Taking further action

If you want to write a letter to your MP about the issues raised in this blog post, there is a ChatGPT prompt here with full instructions to [assist you](#).

One word of warning, though: please ensure you have the correct MP. ChatGPT can get it wrong.

Comments

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