The biggest shocks of 2026 have yet to happen

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The FT [has a headline this morning] that says:


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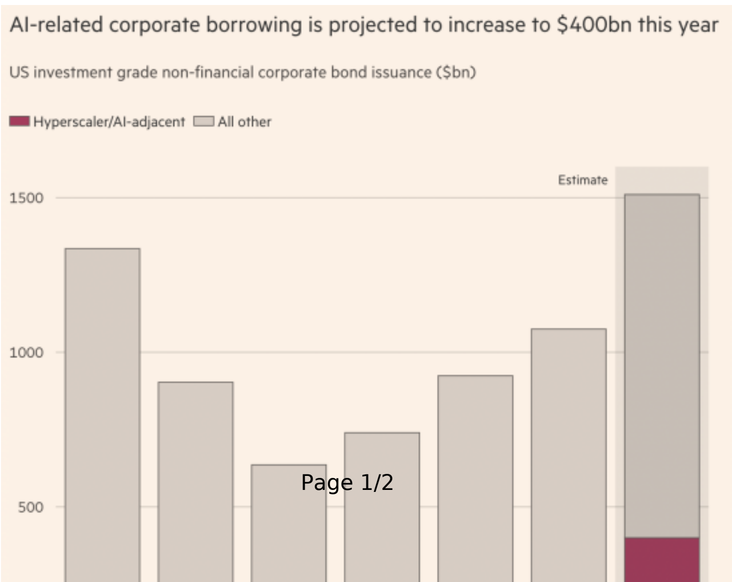
Big Tech's borrowing spree raises fears of AI risks in US bond market

So-called hyperscalers set to dominate US investment-grade corporate credit

This hardly feels like news. The new element of this, which supposedly justifies the special report, is a suggestion now being made that Big Tech companies are set to dominate borrowing in the US bond market when, until now, the major borrowers have mainly been big banks and telecom companies.

That shift means bond investors, who have previously been largely insulated from shocks in the tech-dominated stock market, are suddenly realising this is no longer the case. The risk of contagion is spreading rapidly, as indicated by the scale of new tech bond issues, as this chart suggests is happening.



The cash demands of these companeis is growing rapuidly, with little sign of any returns, and, in news that should surprise no one, but apparently is a shock to these savvy markets, there is growing concern that the gap between spending on AI and the returns it might generate could lead to a bubble that might burst, as I have been suggesting for a long time.

Is that bubble going to burst? Of course it is.

For the second time this morning, I repeat my warning: the shocks of 2026 have hardly begun as yet. The financial crash has not yet happened. It looks increasingly likely that it will, with clueless governments in charge. What could go wrong?