Funding the Future

# I am nervous about next week

Published: October 31, 2026, 11:50 am

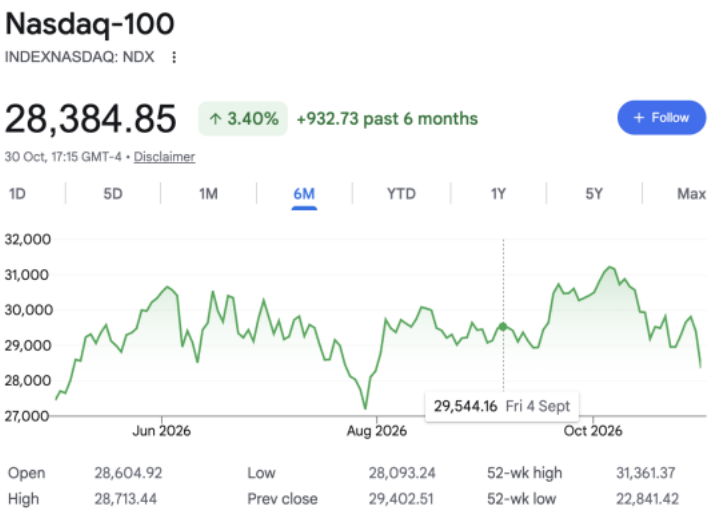
---

There were two big tech stories yesterday.

One was the hacking of the Binance crypto exchange, with a possible loss of more than $6 billion. The criminality of this did not surprise me. Nothing about crypto and crime ever surprises me.

I am not sure that there is much else to say about that, except that it removes one of the supposed safe havens that some investors would look for if AI stocks crash. When it is so obvious that crypto is not providing that alternative, more conventional safe havens, including government bonds as well as gold, will be the destination for the money that will be departing stock exchanges very soon.

And, on that note, the other story was the decline in the value of the Nasdaq index yesterday, as the Nasdaq 100, which reflects the value of the largest tech stocks in the USA, fell by 3.5% in a day.




Part of this was down to Google, about which I have already written, but it now appears that awareness that the vast amounts of expenditure on AI cannot produce meaningful

economic returns is growing.

The largest tech companies are spending money at almost absurd levels on this technology, but what is becoming apparent is that none of them has an explanation for why they are doing so, nor do they understand what the benefits might be for them, or for the users of their technology, whilst the world at large is beginning to understand, not least because of events like the hacking of Binance, that the impact of AI could be decidedly detrimental for the world at large.

This awareness has consequences in a world where the stories we tell each other are particularly important, and where, in the case of AI, most of those stories have no evidential basis, and so valuation has been based upon commonality of belief, which fact has been fundamental to the creation of the excesses that stock markets have revealed for some time now. If those common narratives are now failing, the consequence is inevitable, and it is that the downside has arrived.

The only problem with a stock market downside, as history has always shown, is that its gradient is always much steeper than that of the upside. In other words, whilst it takes months and years to build to a stock market peak, the collapses tend to be very rapid without there being any corrective mechanisms in place to manage the consequences.

My instincts suggest there might be a stock market collapse on Monday. The interval between events like those seen on Friday and the reopening of markets on Monday can either be a force for good, because stability returns, or a force for instability because the realisation that value is disappearing becomes more deep-seated, and panic sets in.

Either way, this will need to be watched. I said last week that John Healey’s budget was complete nonsense and that at least three major economic crises could knock it off course. A stock market collapse is just one of these. However, if it happens, the knock-on effects in terms of a potential global financial crisis are the real issue we will have to face.

The question in that case is whether John Healey is the man to manage the moment, as, rather oddly, Alistair Darling proved himself to be in 2008. I personally doubt he is. Time will tell, but I am nervous about next week as a result.