Funding the Future

This madness will end in tears

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As the FT notes this morning:

Technology stocks in Asia fell on Friday after Anthropic's blockbuster initial public offering failed to reignite the faltering AI trade that powered equity markets to record highs earlier this year.

South Korea's tech-heavy Kospi and Japan's Nikkei 225 index led declines in Asia, both falling more than 5 per cent.

They noted

The sell-off across Asia followed declines overnight on Wall Street, where the Nasdaq 100 closed 2.2 per cent lower even as shares in Anthropic, the developer of Claude, surged 17 per cent on their debut.

And they added:

Taiwan's main stock index had its worst week since 1991 as it dropped almost 18 per cent and shed more than $500bn in market capitalisation.

It is worth noting the Taiwanese market is heavily weighted to chip manufacturing - whih is, of course, at the heart of AI.

The reality is that whilst Anthropic has offered distraction - and may, for the sake of its investors, have got the timing of its share offering exactly right - the rest of the tech market is beginning to look as if it is in freefall.

In fact, I do wonder whether, when this era is viewed through the wise lens of retrospect, the Anthropic IPO might be seen as the moment the mania burst, just as the number of people exposed to loss as a result reached its greatest extent.

I still think this madness will end in tears, as many a parent has said to out-of-control, overexcited children, which is the behaviour stock markets have been evidencing to

date. And I wish that were not true.