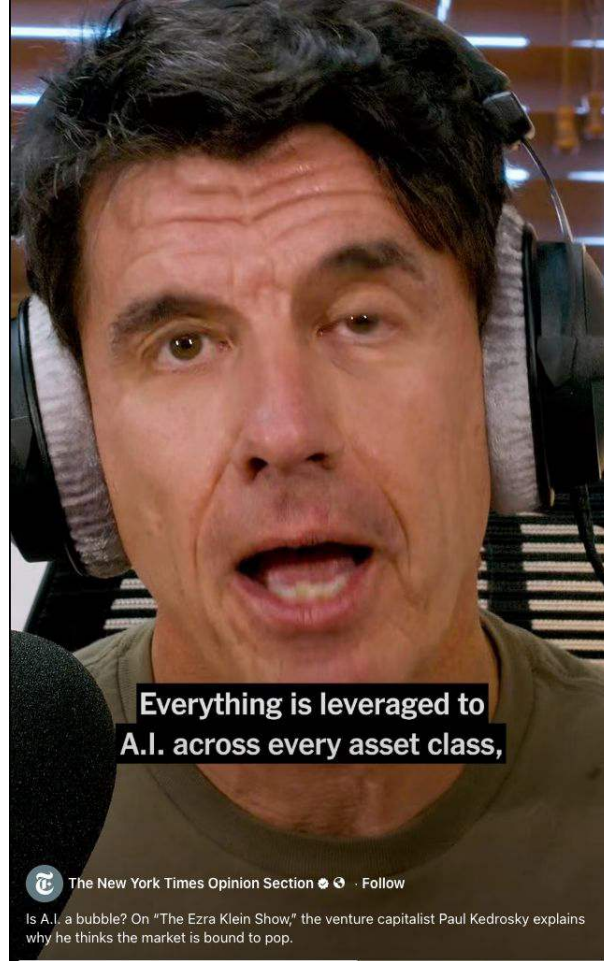


This two and a [half minute interview](#) with Paul Kedrosky in the New York Times explains more about AI than anything else I've seen ever. I'll be honest - I've watched it at least 10 times.





New Constructs

The AI Market Meltdown

Why You Need to Know the Truth
Now

with David Trainer

October 30, 2026

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I made what might be
the biggest call of my
entire 25+ year career...

The AI Meltdown is
here

The Ground Is Moving Beneath Our Feet

The money is moving
out of AI.

Don't be left holding the
bag.

**PIMCO seeing the
AI Bubble writing
on the wall..**

Bloomberg

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The AI Race: Debt Deluge

Neoclouds Lose Their Shine

US

EXCLUSIVE

Finance | Investing

**Pimco Offloads Billions in AI Debt
Just in Time to Skirt Losses**

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B



The Pacific Investment Management Co. (Pimco) headquarters in Newport Beach, California. *Photographer: Ethan Swope/Bloomberg*

By [Laura Benitez](#)
October 28, 2026 at 7:20 AM PDT

Source: [This Tweet](#)

The bond offering delay would leave the banks holding the debt on their balance sheet longer than they originally planned,

Source: [Bloomberg](#)

EXCLUSIVE

Banks Shelve Bond Sale for Anthropic-Tied Texas Data Center



A news ticker displays Anthropic IPO news on the floor of the New York Stock Exchange in New York, on Oct. 26. Photographer: Michael Nagle/Bloomberg

By [Davide Barbuscia](#), [Michelle Cheng](#), and [Gowri Gurumurthy](#).

October 28, 2026 at 4:50 PM CDT

Updated on October 29, 2026 at 8:51 AM CDT

Apollo's chief economist says the market has priced in an AI miracle - and it could tip the US into recession

Source: [This Tweet](#)



Henrikh @henrikhinai · 21h



Apollo's chief economist says the market has priced in an AI miracle - and it could tip the US into recession

"That's, of course, a very, very optimistic assumption around how much demand there will be" - Torsten Slok, Apollo

He isn't calling AI a fraud - it's "a revolutionary

[Show more](#)



My Take

For two years the hard limit on AI was physical, mostly power and grid connections. Now money is short too. Banks are close to the most they'll lend to this sector, and some insurers that take on part of the risk say they're already full.

Source: [This Tweet](#)



Hedgie [@HedgieMarkets](#) · Oct 28



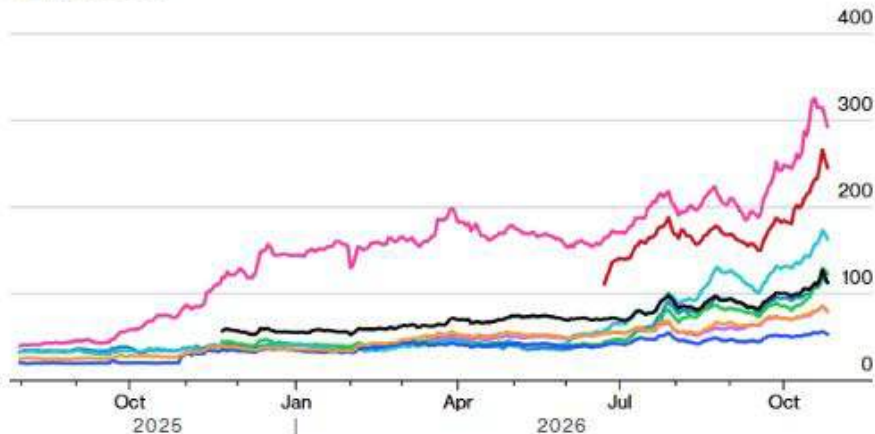
Bloomberg talked to more than 30 bankers and money managers who finance AI data centers, and all of them said raising money has gotten much harder in just a few months. At least 18 data center deals now have to pay lenders more than 10% a year. The cost of insuring Oracle,

[Show more](#)

AI Credit Risk Reaches New Highs

Five-year credit-default swaps on hyperscalers and chipmakers

Meta 5Y CDS Amazon 5Y CDS Microsoft 5Y CDS Alphabet 5Y CDS
Broadcom 5Y CDS SpaceX 5Y CDS Nvidia 5Y CDS Oracle 5Y CDS
AMD 5Y CDS



Source: ICE Data Services

Earnings are not reliable.

Anthropic's 'Adjusted' Profit Exposes Wall Street's Earnings Game

AI developer's losses were flip side of big gains for Amazon and Alphabet

By Jonathan Weil

Oct. 27, 2026 5:30 am ET



120



Gift unlocked article



Listen (5 min)



Anthropic CEO Dario Amodei CHANCE YEH/HUBSPOT/GETTY IMAGES

Source: [Wall Street Journal](#)

Token prices down

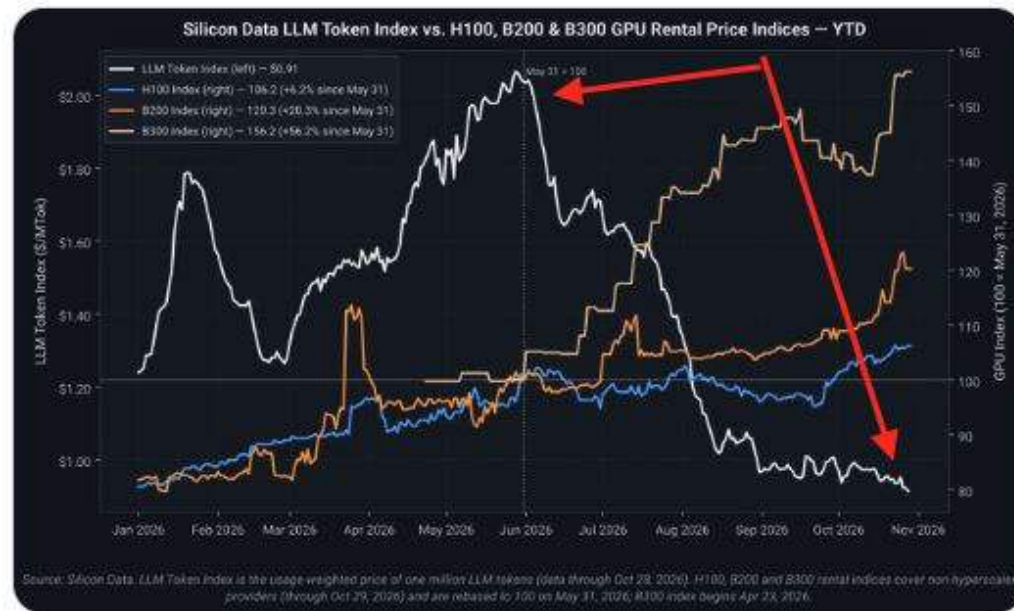


Silicon Data 📈 @silicondata · 4h

Two chart updates in a two part 📊

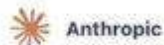


The LLM token **index has not put in a bottom** as we had previously speculated and has resumed its decline even as on-demand GPU rental indices (a signal of marginal demand and not where most of compute cost sits) continue to surge towards ATHs.



Source: [Wall Street Journal](#)

Revenue decelerating



Anthropic Annualized Revenue Run-Rate

TickerTrends tracking of Anthropic company-wide annualized revenue run-rate

LATEST ARR

\$76.80B

As of Sep 26, 2026

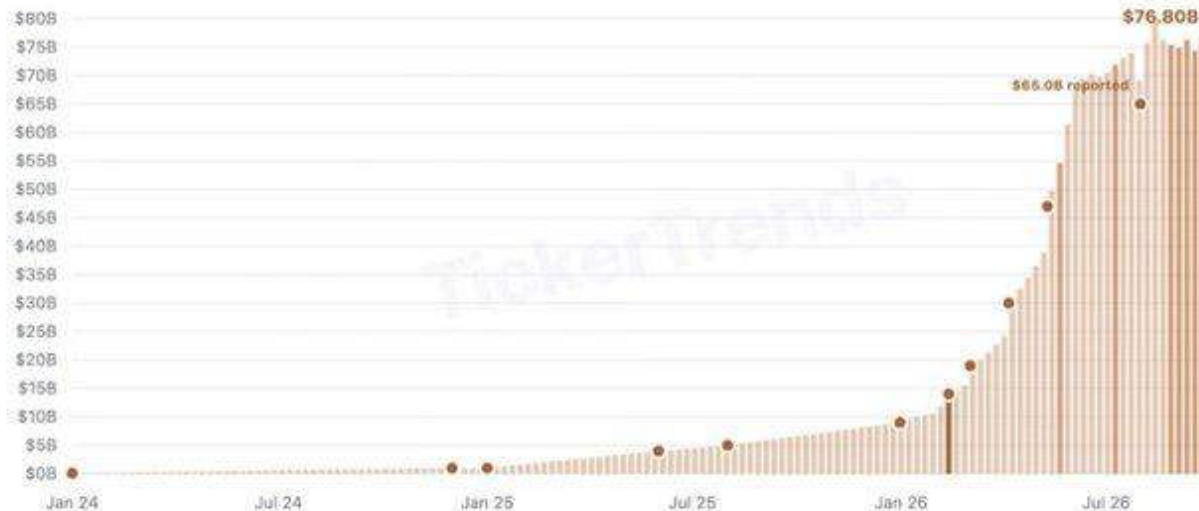
MOM % INCREASE

+1.8%

Latest month-over-month change

COMPANY ARR

filled dots = reported actuals



Source: [Wall Street Journal](#)

~~Anthropic~~

Exit Liquidity

The meltdown has
already begun

But the money has to go
somewhere else...

We revealed the first
canary in the coal mine
of the AI boom in
November 2025.

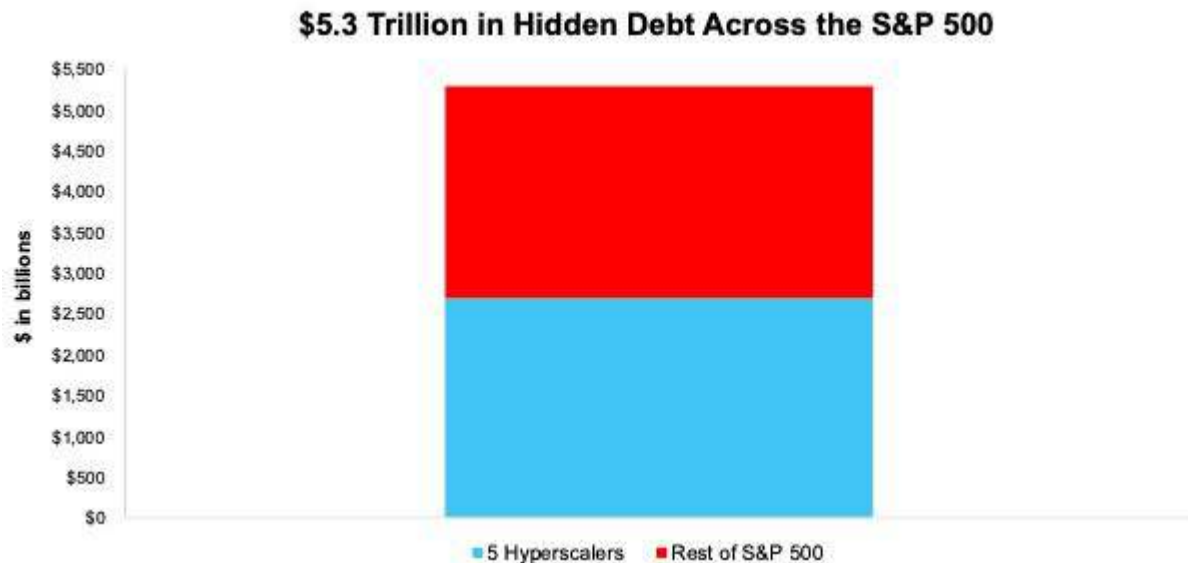
Oracle (ORCL) - “Loser” in the AI Race

In our November 2025 report, we named Oracle as a loser of the AI race. Since then, the stock is down 42%

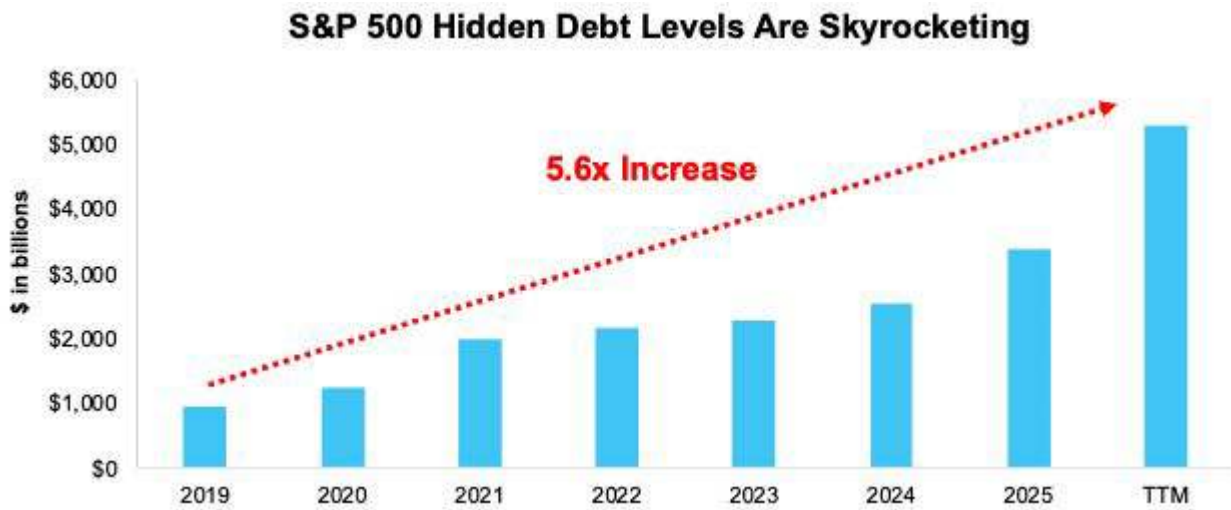


Why so much concern?

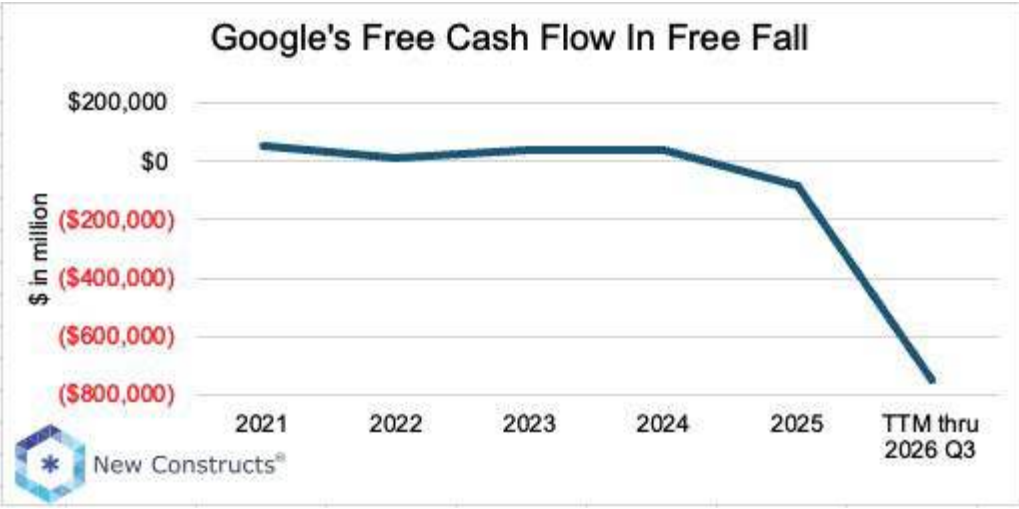
\$5.3 Trillion of Hidden Off-Balance-Sheet Debt



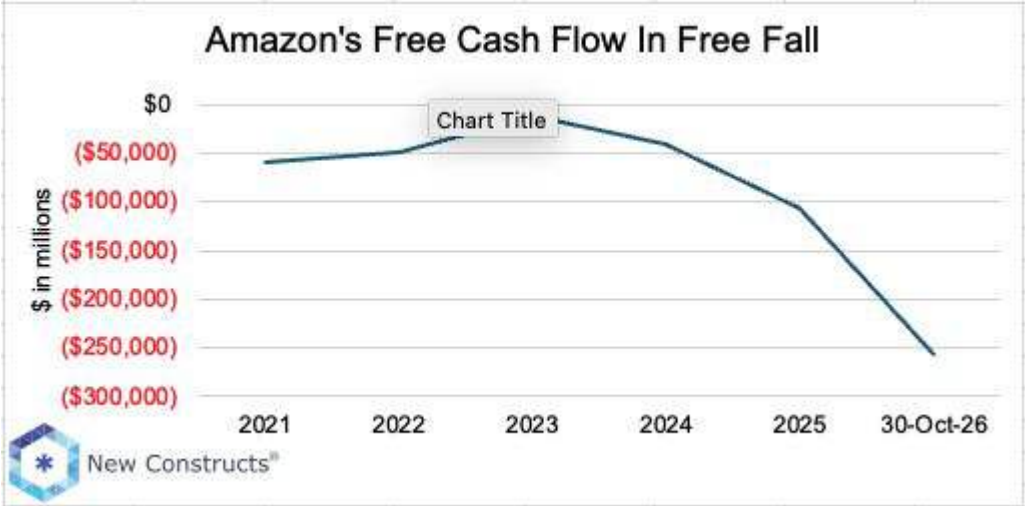
Growing Rapidly



Growing Rapidly



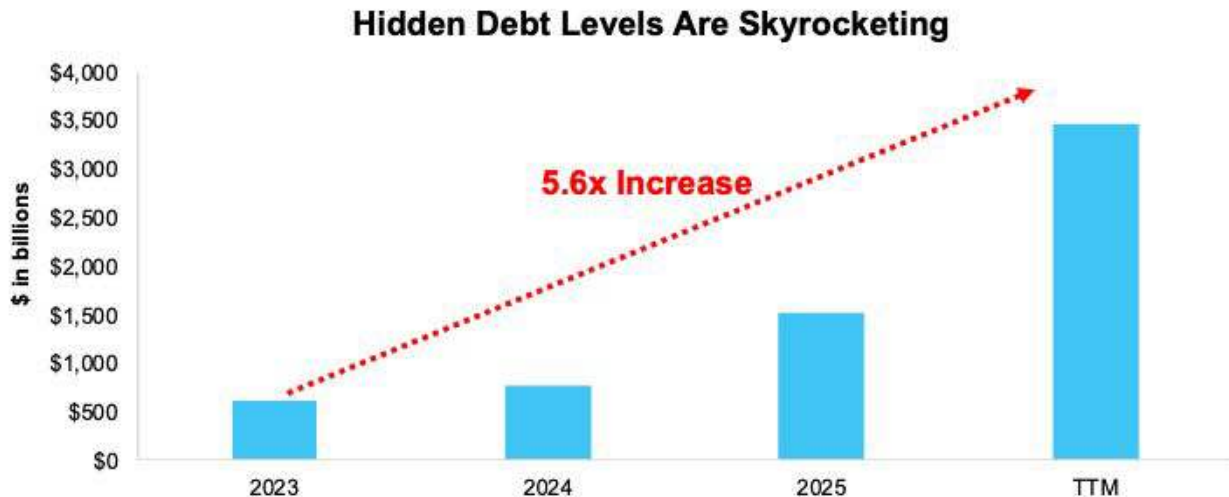
Growing Rapidly



This “**hidden debt**” is the kind of item that gets buried in footnotes - the exact place most investors, and frankly most analysts, **never look**.

And it's growing like a weed...

Of the AI companies in the top 25 of the S&P 500, hidden debt has increased from **\$623 billion** in 2023 to **\$3.5 trillion** over the TTM.



How big and how
dangerous is this
“hidden debt”?

Hidden debt exposure exceeds that of the 2008 Housing and Credit Default Swap (CDS) crisis.

Compared to the Global Financial Crisis..

Pre-2008 CDS Market

Net Exposure: \$2-3 trillion

The danger: systemic bank insolvency, liquidity freeze, global credit run

Current AI Commitments

Net Exposure: \$3.5+ trillion

The danger: Equity market devaluation, tech sector earnings contraction, idle hardware depreciation

The risk today is largely an equity valuation and capital allocation story -not a systemic bank crisis.

And the government cannot bailout
and fill the hole of ~\$4 trillion.

The investments simply will not produce enough earnings to pay the debt or justify the valuations of the stocks.

That's an earnings problem.

Which begs the question.

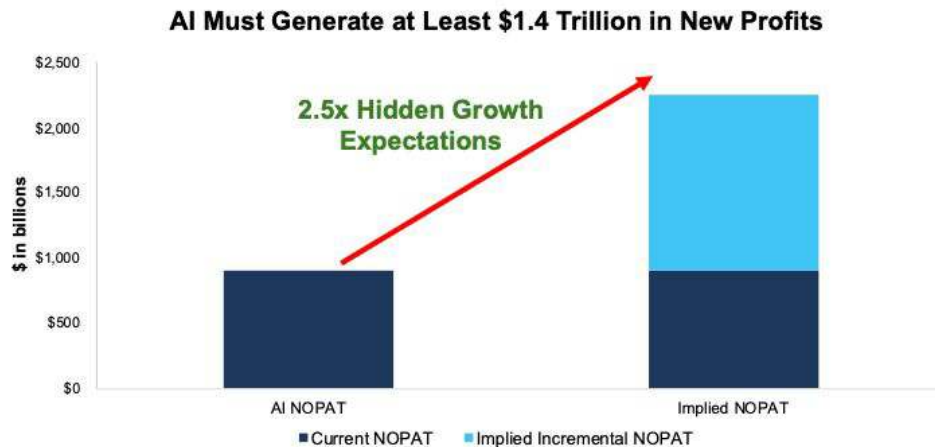
How much **profit** do the AI companies
need to generate on their **hidden**
debt?

To keep stock prices elevated, companies need to earn an adequate return on the **trillions** of dollars in **hidden** debt they've added to their balance sheets.

This required return is a **hidden earnings expectation**.

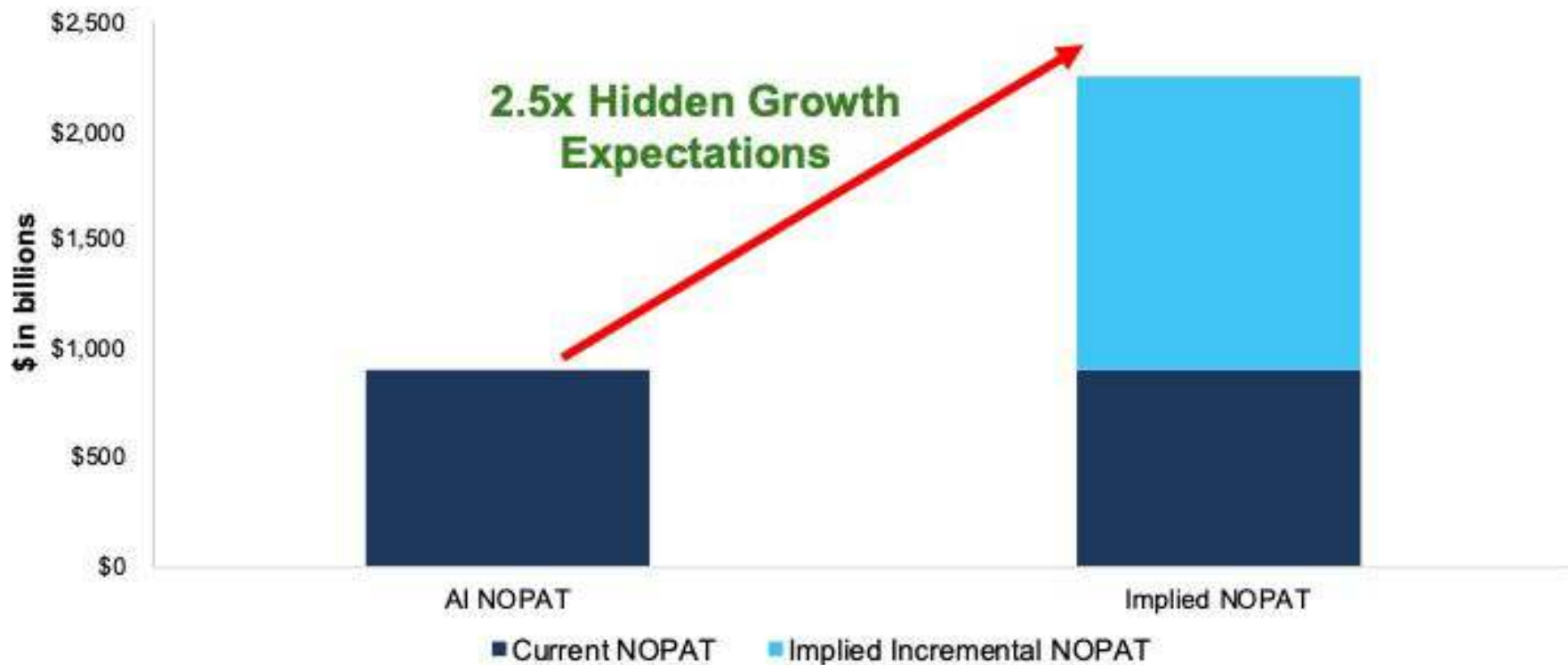
Hidden capital needs to generate the same or better economic value or ROIC, or else why deploy it?

The required incremental profits are **MASSIVE.**



Companies in this analysis include companies in the top 25 (by market cap) of the S&P 500 companies that we consider AI or AI related companies.

AI Must Generate at Least \$1.4 Trillion in New Profits



Companies in this analysis include companies in the top 25 (by market cap) of the S&P 500 companies that we consider AI or AI related companies.

If the AI companies earn a lower ROIC on the hidden debt, then their AI investments are **less profitable** than their existing business.

In which case, the stock market should reassess their value **lower** to align with a less profitable business model.

But Wall Street doesn't want
lower AI valuations...

At least not yet.

\$1 Billion+ in fees are on the line
- with just the Anthropic and
OpenAI IPOs.

And they need time to offload
bad investments, transfer risk,
generate fees, and get
institutional clients out of harm's
way.

Earnings are not reliable.

Anthropic's 'Adjusted' Profit Exposes Wall Street's Earnings Game

AI developer's losses were flip side of big gains for Amazon and Alphabet

By Jonathan Weil

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Anthropic CEO Dario Amodei CHANCE YEH/HUBSPOT/GETTY IMAGES

Source: [Wall Street Journal](#)

It's what Wall Street does best.

Case Study: “The Big Short” Movie Aligning with Reality



1. Start at 0:57 to see the punchline
2. Wikipedia: [Explanation for Inaccurate Ratings](#)
3. [S&P amazingly says no one should believe its ratings are independent and objective](#)

This two and a [half minute interview](#) with Paul Kedrosky in the New York Times explains more about AI than anything else I've seen ever. I'll be honest - I've watched it at least 10 times.

