

MARCH 2026

36 South Views

By Richard "Jerry" Haworth

Black Tulips

As I sit here today, the ceasefire between the US and Iran has started. It has been a truly gobsmacking period, even for an old sea dog like me.

What to make of geopolitical events and the markets?

The equity markets seem to know best, because they are simply ignoring the geopolitical twitter rollercoaster, by and large.

All I know is that the long-dated charts across multiple asset classes signalled some sort of sea change at the end of last year. It would be an extremely rare occurrence for this to be a mere aberration. Hence, I must believe (until irrefutable evidence is presented to the contrary) that the bear phase of the equity markets is not over, that it is still in force.

I have long stopped believing that one needs a macro edge to be successful in the financial markets. In fact, I have come to believe that it might hinder one's performance to tether various narratives to reality.

Is private credit a bubble? It looks like it to me. What started off as a good thing has all the hallmarks of a Wall Street hustle gone viral.

Is AI a bubble? I would say so. Information doesn't have infinite value. Just like the old St Petersburg paradox, where the theoretical answer is infinity, the real-world answer is a couple of bucks. AI companies should offer their services at 1000 a month and see what the take-up is then. AI seems to have run out of new data to scrub anyway, and we realistically don't have the energy surplus to run inference machines that have yet to pass our own intelligence.

Add to the panoply of impossible curiosities a \$2 trillion IPO valuation for a space exploration company, and you have all the "black tulips" you will ever need to show that our ascent into madness is complete.

I haven't even touched on the debt bubble that is expanding rapidly, thanks to asymmetric wars and an absence of any restraint in government spending in the US, which, being the world's reserve currency, affects us all, whether we like it or not.

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So, whilst the markets ride the wave of "peace for two weeks" euphoria, serious fragilities remain.

These fragilities are not the common garden variety of tail risks, but grotesque monster tail risks that once were small but were ignored until they became too big to deal with. And now we have them looming so large that, if they were to ever eventuate, we wouldn't be able to imagine the fallout.

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