

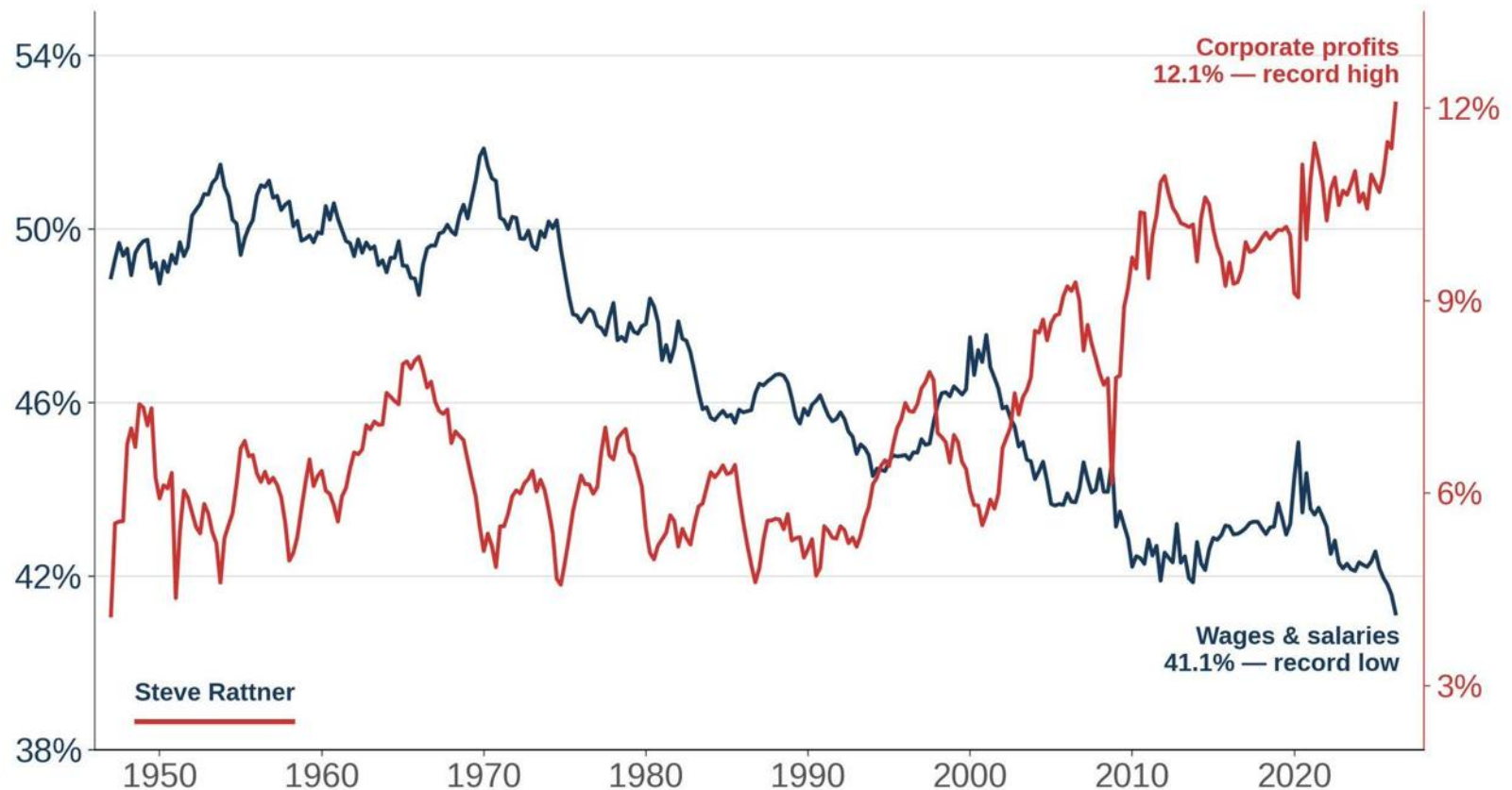
LISTED RESERVE

MoneyBits

Crimes

Workers' Slice Shrinks, Profits' Slice Grows

Wages & salaries (left axis) and after-tax corporate profits (right axis) as shares of GDP, quarterly, 1947–2026



The classic two Y axis chart crime from this week's New York Times. It implies a reciprocity that does not in fact exist. But.....we do know that the returns to labour are collapsing. Not the fault of profits though.

Something else is missing too, leisure time. It seems almost certain now that this trend will continue which might seem alarming but in extremis - it is the scenario that maybe 90% of people want “you don’t have to work” or “you have to work a lot less”.

One country that could still be fabulously rich with very little labour involvement is Australia. Consider a mining site where only 10 years ago drivers were being paid \$250,000. Automation has removed that pressure, mining is more profitable. Recall in most cases the government takes about 40% of those companies’ profits in tax and royalties. We are quite literally automating the collection of tax revenue from (mostly) foreigners. As the cost base falls, the room for collection will rise. It's pretty much as simple as you (and me) sitting in an air-conditioned office in Sydney or Melbourne pretending to be busy and important while a machine does the work in 45 degree heat in the Pilbara. The deployment of massive amounts of capital is a *gift* for Australians. Why do we make it so hard?

Consider the latest innovations in agriculture too. The [AI cow collar is basically](#) a solar-powered virtual fence. Now the rancher too can sit in his air-conditioned office and control the herd. Amazing.

Craig Piggott, Halter’s 30-year-old founder and CEO, has spent nine years working on an answer. “If you manage a pasture-based farm, whether it’s dairy or beef, the most important variable is how you manage the productivity of your land,” Piggott told TechCrunch in an interview this week. “Fences are the lever — they control where animals graze and how you rest the land. Being able to do that virtually just made a lot of sense.”

The system Halter has built combines a solar-powered collar, a network of low-frequency towers, and a smartphone app to let farmers create virtual fences, monitor every animal around the clock, and move their herds without ever leaving the farmhouse. Cattle are trained to respond to audio and vibration cues from the collar — a process Piggott likens to the way a car beeps as it approaches a wall while parking. Most animals, he says, learn within three interactions with a virtual fence. “Then you’re able to guide them and shift them around on sound and vibration alone.”

So, yes. We do need fewer people and wages will fall. But, properly managed, the healthcare system will remain free (and should improve), same for the other nonsense holy grail of government ‘education’ that will remain free too.

Automation is literally a gift for Australia, of all countries in the world we must surely be one of the biggest beneficiaries. A clear 10-year path to being the richest country in the world.

We will fumble it massively though. You already know that because the number one thing that people care about is the safety of their children. One of the major killers of children in Australia is cars and traffic accidents. The solution, proven to work, proven to be safer.....it's not legal. For older people who no longer drive or lack the confidence to drive, nothing for you either I'm afraid. Enjoy the germ-ridden bus or taxi that never comes. You're welcome.

The result.

Chalmers backflips to avert embarrassing productivity downgrade



Michael Read
Deputy economics editor

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Treasurer Jim Chalmers has backflipped on the government’s approach to forecasting productivity to avoid an embarrassing downgrade in a major report released next week.

Treasury advice prepared last month and seen by *The Australian Financial Review* shows the government has dumped the 20-year average previously used to set productivity forecasts and reverted to the Coalition-era 30-year average, methodology Chalmers once described as “rubbish”.

So, presented with the automated solution to what I would consider the number one problem people really care about, as well as being the partial solution to the productivity issue, we said no. That in fact is the real crime here.

Q3

Big Q3 for Ethereum, not normally a good quarter. I wonder if the market anticipates the cyclical nature of things and everything moves a quarter earlier each time. I felt the general expectation was that Q4 would be good (which we also had as a fund) and Q3 delivered it. Still, not exactly cause for celebration given the quarters preceding it but welcome nonetheless.

✔ The Q3 2026 Rally

- **+71% Gain:** Marked Ethereum's strongest third quarter ever.
- **Outperformed Bitcoin:** Bitcoin rose around 43% to 44% in the same period. +1
- **Institutional Inflows:** U.S. spot ETH ETFs pulled in roughly \$3.1 billion during Q3.
- **Recovery Context:** Followed severe declines of ~29% in Q1 and ~25% in Q2.

Saying it out loud



JUST IN: 🇺🇸 President Trump says inflation could pay down the \$40 trillion US national debt "very rapidly."



There are euphemisms in corporate life. My favourite remains “broadly in line”, which meant down a bit. Everybody knew that, and it was fine. If it was a cost line that went down though, it would be down. If it was revenue, it would be broadly in line. We are good people you see, we certainly don’t alarm our shareholders with sentences like “revenue went down a bit”. Good Lord! Go back to your office and redraft!

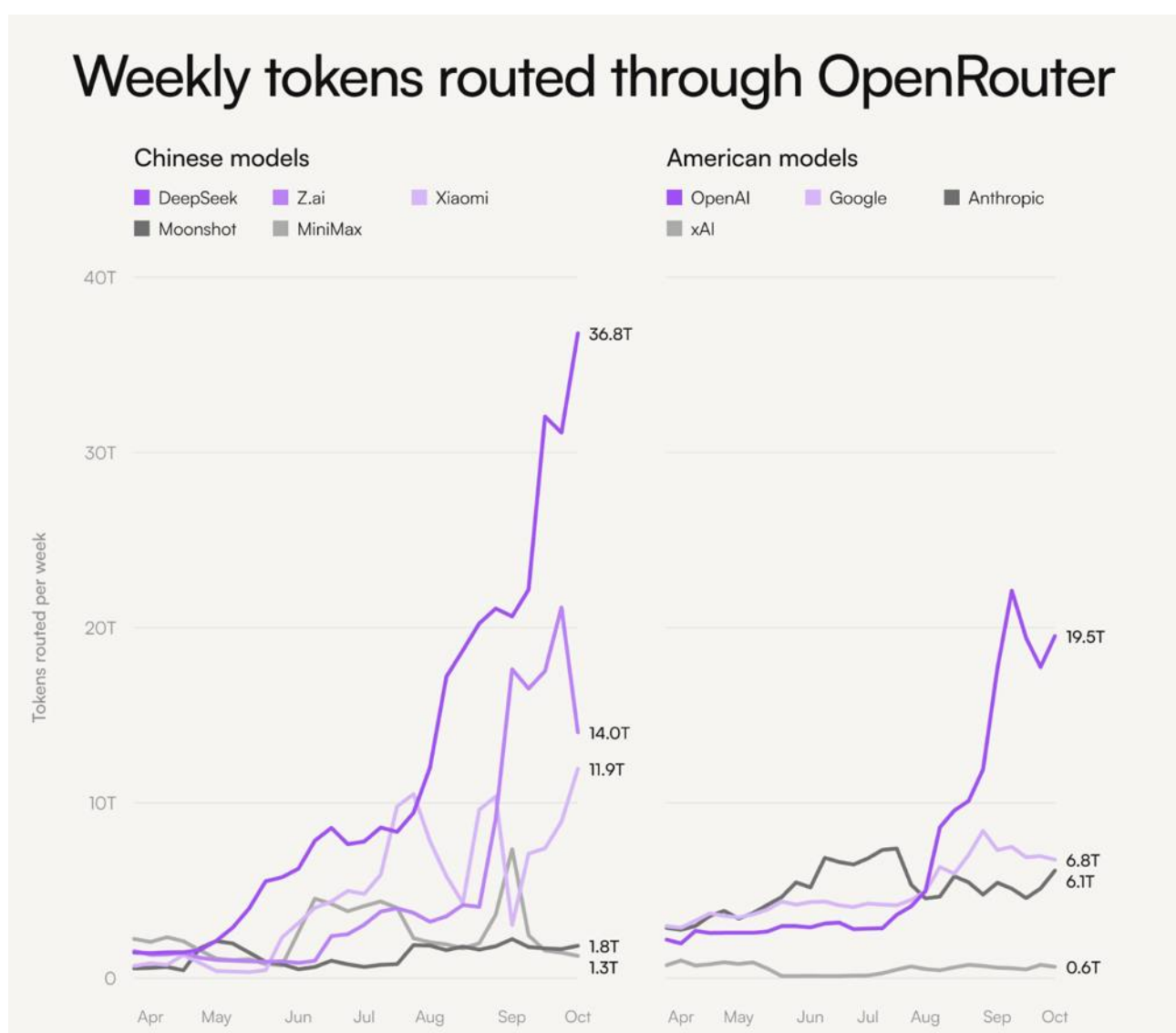
Trump though, he’s a bull in a china shop. Imagine the Treasury and the Federal Reserve as he tells the world that inflation will pay down the debt ‘very rapidly’.

All the news outlets were “Wow, what’s he doing?” You don’t actually say that.

I’m thinking, we know. They know we know. We know that they know, that we know. Yet nobody says it and it's just like “broadly in line”.

Until it isn’t. He’s crazy, he’s an idiot, what a stupid thing to say. Except....it’s true. It actually is the plan. He didn’t lie, he didn’t obfuscate or use the weasel words of corporate life. He just said it.

Open for business



For the uninitiated, [OpenRouter](#) is where you go to get an API key that can use every model. So one key accesses everything they have, which is pretty much all the US and Chinese models. Xiaomi (which almost nobody has heard of) is almost twice Anthropic in token usage terms and about 60% of OpenAI.

You might recall the excitement at the release of the original DeepSeek but since then chatter around the Chinese models has dropped off. Only in the West though....and why? Well, Anthropic is going to IPO, OpenAI

is going to IPO. Your mates at the local brokerage all want a piece, they are mates with the guys at the Fin Review and The Australian. We talk up our own shop and then we share the pie. There is nothing at all in the Chinese models for the usual suspects of Australian business and politics. Indeed public servants, schools and most businesses are outright banned from connecting to the Chinese models. There's nothing in it for 'us' so we don't talk about it.

There is a large advantage for you though, because you will be using something other people do not have. The GLM models from [z.ai](#) are probably the most willing in the world. Personally I like Xiaomi because it's good (GPT-5 ish) and ridiculously cheap to the point that you don't even notice (\$1/day type thing).

The chart asks something else too. The usage of the Chinese models is almost entirely ROW (so not Europe, not US, not China). What are they building with all those tokens?

Euro-Trash



I suppose it is ridiculous that the entire market cap of all German stocks is half of NVIDIA. Is there really any justification for it?

Later in the week, this turned up regarding the release of the latest European AI model from Mistral. This is actually an impressive achievement but...it is not the best model or even close. Note it is "the best open weights model from the US or Europe". All the top US models are closed though, all the top Chinese ones (which Mistral conveniently fails to mention) are open.



Meet Mistral Large 4, aka Le Chonk.

- 1T parameters, natively multimodal. 49B active.
- It is the best open weights model from US or Europe on aggregated benchmarks.
- State-of-the-art on critical workloads, including cyber defense, manufacturing and finance and it surpasses closed frontier models on visual grounding.
- Forged in Europe end-to-end and is deployable from Europe via our own Mistral Cloud infrastructure.
- Available to all via API today. Working with cybersecurity partners privately.

So Mistral is neither the best model. Nor the best open source model. It was trained on 3,800 GPUs at "Europe's largest cluster". But GPT Sol was trained on 100,000 GPUs. Grok 4.5 from Elon Musk was on xAI's massive Colossus supercomputer, which scaled up to 200,000 NVIDIA GPUs. There isn't that much hardware in Europe and they don't have the data centres to host them anyway.

The stock market is really about tomorrow, not today. Capital is probably going to accrue to the people with the compute (NVIDIA), because their know-how is going to compound very, very fast. Maybe that's what this is telling us. NVIDIA has the most knowledge, NVIDIA gets the new chips first and so their next iteration of knowledge comes fastest and how do you catch that?

The German stock market says.....you don't.

Read between the lines of the Mistral statement "Best (no) open weights (also no, that's China) from US or Europe (maybe) on aggregated benchmarks" (wot? so not the actual benchmarks).

Put it another way. Have you used Mistral?